Business Index
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THE FOREIGN EXCHANGE SQUEEZE



INSIDE

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CEO's in retirement



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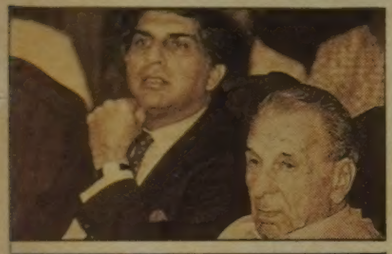
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THE FOREIGN EXCHANGE SQUEEZE











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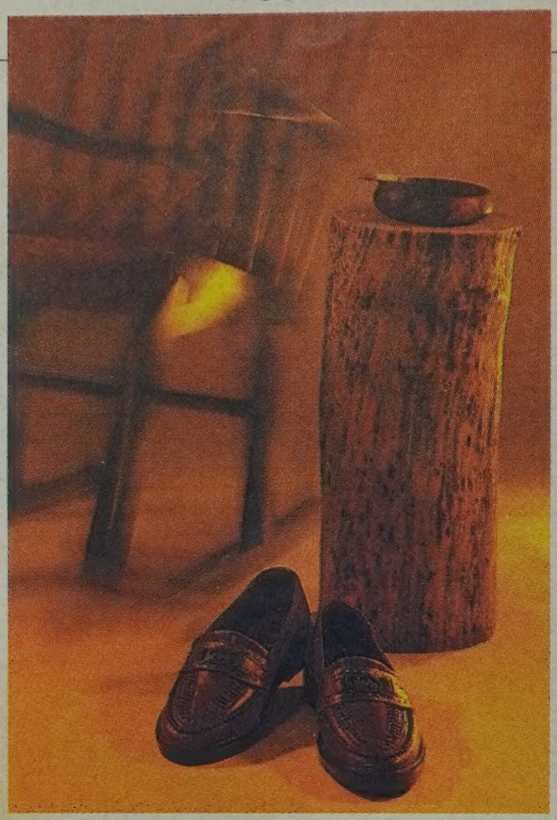
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A 6½ hr. long lesson learnt on way to Bangalore and back.



8.00 a.m.: Tring Tring, rings the phone! And off I am, rushing to Bangalore on behalf of my boss. To make it in time for the Dealer Conference. And I do! (despite a 2 hour flight delay).

In the excitement of addressing the conference, I forgot everything. Even my tired, aching feet, full of blisters. But not for long.

Evening saw me at a shoe store. It's there that I came across Windsor shoes. "Genuine Leather with an exclusive PU sole, with heel. Try it Sir," the Salesman said, "very comfortable."

He was right. I must say.

Life's been a song since then. No pinches. No aches. Until today, 3 days later. For 1 hr off Bangalore, I realised, I was wearing my old shoes again. God! If only I'd worn my Windsors. ***Life's so much easier with them.***

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LETTER FROM THE PUBLISHER

Who must we hold responsible for the mess we find ourselves in today? If one thinks about it carefully, there are probably less than a dozen people who determine the economic fate of India's 844 million people (according to the latest census). On a day-to-day basis foreign exchange issues are looked after by the finance minister, his finance secretary and a few senior officials; the commerce minister, his secretary and a few senior officials; the governor of the Reserve Bank and a few others there too — all of course under the overall guidance of the prime minister. and a few of the senior civil servants in the prime minister's office. Since the government has changed recently, the corresponding individuals holding these offices a year ago must also be included. Yet knowing the "system", nobody will face the music.

In any other democratic country politicians and officials holding similar positions would be forced to explain their actions (or inaction). Yet surprisingly, after 45 years of democracy none of the key players feels compelled to offer any explanation for his conduct or failures.

Interestingly, these very people pretend to be omniscient and in full control when dealing with the Indian public. But in dealings with the World Bank, the IMF or foreign private bankers and rating agencies they are only too willing to admit that they have been wrong and that they have run out of ideas.

In any other country, the banking and financial sector would have dealt with the situation in a normal business-like manner. But our nationalised banks and financial institutions, being under tight government control, have to await orders. The only persons who have carried on business normally, and who have made fortunes, are those in the *havala* business, for whom there is simply no balance of payments problem. As Keynes said, for every buyer there is a seller. It is simply a question of price.

We at *Business India* have consistently argued that our exchange control policy has been dead wrong. At the beginning of the Rajiv Gandhi government, not so many years ago, we asked a senior economics bureaucrat what could possibly happen if exchange control was freed up. The answer was that the dollar would jump to Rs.15. And industry would not be able to stand the shock of open markets and competition. But clearly, the present system of tight exchange control (administered by a few) and industrial licensing (also dictated by a few) has reached a dead end.

Our economy has much greater strength and resistance than these few politicians and bureaucrats allow. Historically we have been a great trading nation, always with a trade surplus. To be sure, a sudden sweeping away of rigid exchange and import controls might have an adverse impact for a very short period. But other countries, with fewer resources, like Indonesia, Malaysia (and more recently in a somewhat guarded manner) Pakistan have cut controls and become competitive in the world economy.

Why can we not do the same?

Ashok H. Advani

How to think positive when there's no power.



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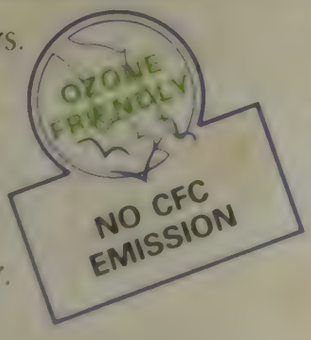
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and sings to the world in the
inspired language of his belove
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music's first Platinum Disc for
The Call of the Valley and special
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Holland, Chief Guest of India's
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Raymond's

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• Get your basics right

Your interview with Surinder Goyal (4 March) highlights the continuing lack of clarity on the basic aspects of money and economics.

In reply to a question on the problems that affect your economy, we are given the age-old myth that "rising prices and... external payments" are the cause. Surely, the learned Goyal should know that these are the effects or results of a poor economy and not the cause? Why is it that most people continue to confuse economics with money matters?

Economics is *not* the study or application of money! The ingredients of a nation's economy are its natural resources, human skills and technology, and it is the management of this mix that determines its national economy. Money, alas, has nothing to do with it!

JAMES WALTER
Marketing advisor
Perkins Engines (Shrewsbury) Ltd
England

• Unhappy customer

In the feature on Essen Computers (Enterprise, 18 February), the company's managing director, Apurva Parikh admits that the weaknesses of his group is that, "We lack the ability to get a product to the market". His acceptance of this reality is heartening. But what is disturbing is the fact that his organisation still fails to do anything about the matter.

We have had an unfortunate experience in our dealings with this organisation — a supply to a very valued customer has been delayed for over a period of 30 days from the committed date. Essen has no strong platform from which to launch itself if it does not treat the customer as king. Let them do a customer satisfaction analysis. The figures will speak for themselves.

ZUBIN R. KABRAJI
Wadia Technical Services Pvt Ltd
Pune

• Poor quality costs

The article 'Quality does *not* cost more' (Management, 18 February) made relevant reading. Poor quality has hidden opportunity costs ranging from lost sales, fall in morale and prestige, the cost of reworking returned goods, the loss of key personnel and the subsequent costs of recruitment and training. Unless stringent quality audits are made mandatory, quality will fail to be more than a convenient catchword.

MIRA DESAI
Ahmedabad

• A socialist dreams

Your interview with the prime minister, Chandra Shekhar was candid and to the point, (Cover Feature, 18 February). When he demands one per cent of the net worth from the industrialists, he should understand that in the case of the Tata empire, the Tatas themselves hold only 2 per cent.

When a company declares a big profit, it usually means that its inventory, outstandings and borrowings have increased disproportionately and very little is available to spare by way of ready cash. This reality is never understood by a socialist.

TATYA TENDULKAR
Kolhapur

• Buckling under pressure

Your report on the accumulation of stocks in Mahindra (Corporate Report, 18 February) blames the diesel shortage. The critical factor responsible is the failure of marketing strategies. Mahindra's marketing which has always worked in a sellers' market now concentrates only on tractors and neglects jeeps. In this situation, it is not surprising for those in the know that Mahindra is building up inventory.

Now that the Maruti Gypsy, the Bajaj Tempo Trax and Tatamobile (Tata Sport 4-wheel drive is on the way) are currently its major competitors, the top management of Mahindra is buckling under pressure.

J. THARAKAN
Ernakulam district

• Outstanding village

I am a native of Dharmaj village featured in 'A village with no poor!' (Places, 7 January). At Dharmaj, we receive credit from all visitors. Our village has a rural atmosphere with all urban facilities. Perhaps Mahatma Gandhi visualised similar villages all over the country for its all round development and to reduce the concentration of population in a few cities.

I would like to point out that the name is spelt as Dharmaj and not Dharmej as printed in the article.

RAJESH PATEL
Kheda district

• A correction

This refers to 'A quiet success' (Corporate Report, 4 March). We wish to point out that our representative has inadvertently stated that the company has exported one million units of miniature circuit breakers. What we had exported was distribution panels containing miniature circuit breakers as components to the USSR.

ASHOK SHAH
For M.J. Exports Ltd
Bombay

• Entity in itself

Broad-basing the equity by ICICI (Letter from the Publisher, 4 February), cannot be termed privatisation. ICICI was never a public sector or government company as defined by section 617 of the Companies Act. It was only a deemed government company under section 619B of the Companies Act and continues to be so even after the present dilution of its equity. Only when ICICI issues at least 50 per cent of its equity to the public, will it be able to get away from the Comptroller and Auditor General of India under section 619 of the Companies Act.

In fact, it is not correct to bring in the CAG for the audit of the ICICI when Parliament itself has exempted various financial institutions and nationalised banks from such audit. It is hoped that ICICI will soon increase public participation in its equity to the extent of 50 per cent, and utilise the funds so raised for various innovative schemes for the rapid industrial development of the country.

LAXMI NARAIN
Hyderabad

• No window-dressing

In 'The case for input-output analysis' (Column, 4 March) the author has referred to the practice of taking interest credit on "unadvanced deposits" as window-dressing. It is possible that the author is referring to surplus funds transferred to the head office by the branch, which are eligible for a minimum return from the HO. As a well-established practice of transfer pricing, such a return is always taken into account. Obviously, there is no window-dressing involved; rather, the rate cited would be at best a conservative estimate of a return on investment.

Further, in the case of banks in India, blame for any inefficiency in utilisation of resources cannot be entirely laid at the door of the branch. The funds managers of the bank sitting in the controlling/head offices are also accountable. As criteria for performance evaluation of a branch, therefore, the efficiency of utilisation of resources may not be appropriate; but such evaluation has to be based on a branch manager's specific responsibilities.

ARUN KAMATH
Bombay

4 Critical reasons to go in for UI's machinery breakdown insurance policy

1 THE PRODUCTION REASON

"One important machine down and the whole assembly line comes to a standstill. Production schedules go awry.

2 THE MARKETING REASON

"Availability and flow of products into the market can make or break a company. Failure to keep up to delivery schedules will result in losing faith of distributors and customers. And will allow competitors to get their foot in."



3 THE FINANCE REASON

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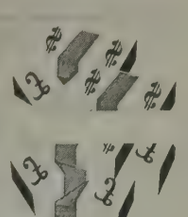
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Devaluing imports



The latest Reserve Bank move to raise margins on foreign letters of credit is part of a series of such moves designed to make imports more costly in rupee terms (i.e. a *de facto* devaluation for importers). In a very limited sense — applying equally to any form of price control over rationing — the RBI could have done worse. In earlier times, it would certainly have banned certain categories of imports. Also, it is argued that since the margin money will earn interest at fixed deposit rates, the burden is less than it appears.

All these arguments may make sense for large companies with cash surpluses or unused lines of credit, but the RBI's moves have created panic among smaller businessmen who lack such spare liquidity. Many of these now have no option but to draw down stocks, live with shortages and wait till June until a new government comes in with a new policy. Such a situation cannot but put the functioning of the economy at risk thanks to the emerging shortages of raw materials, components and capital goods. Lower exports and a lower rate of growth are inevitable.

It is a wholly unnecessary risk and exposes the government's bankruptcy of professional competence. To put the matter in perspective, the country is (for the second time in the past 8 months) in the ludicrous position where foreign trade worth over $40 billion each year is jeopardised by a cash-flow problem of about $2 billion (to last until the Aid India club makes fresh commitments this June). There is no good economic reason why a liquidity shortage should occur.

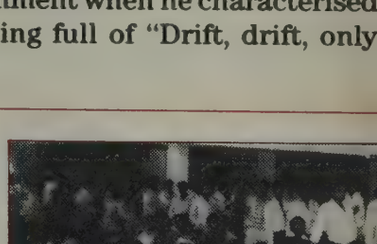
The current problem is particularly unnecessary because it was entirely foreseeable. Given that the country uses up a net $400 million of foreign money every month, and that the oil crisis of 1990 used up the year's available foreign exchange credits, the $1.8 billion borrowed from the IMF in January was expected to last for just 4 months.

The government should instead have used the breathing space provided by the IMF loan to develop workable strategies. One is not talking here of essential medium-term strategies such as the floating of the rupee or longer-term strategies such as the opening of the economy to foreign investment and other structural changes. The current government is a caretaker government and will correctly argue that such major policy shifts are not its prerogative. But certainly short-term measures are possible and it is, in fact, any legal government's job to anticipate and deal with problems such as these.

In the short term, the government could have used its financial institutions to tap foreign markets more shrewdly. The quantity of money needed by India is minuscule compared with daily international capital flows in excess of $3 trillion. There are several Indian public sector financial institutions with a track record abroad which could have systematically tapped over the last few months such short-term funds (albeit at a higher cost than IMF money) from their networks outside India.

The margin requirements are, instead, the equivalent of throwing in the towel. It lacks credibility and can only delay the problem. What the government is, in effect, telling the public is that the much-touted professional reputation of the likes of the State Bank of India and the Industrial Credit and Investment Corporation of India do not match up to the creditworthiness of a bankrupt arms dealer or other such *dalals*. If this is its approach, what will it do when the Rs.25,000 crore of non-resident money starts to be withdrawn in response to such a perception? The Finance Minister put it well for his own government when he characterised his predecessor's policy as being full of "Drift, drift, only drift."

An untapped jackpot



The argument that India's non-commital stand on the Gulf war has prejudiced India's manpower exports may not be entirely without merit but it disguises the wider issue of what government ought to have done about manpower exports. Or, for that matter, what it *should* do in future, the rhetoric about eradicating unemployment notwithstanding.

It is perhaps a case of misplaced optimism to expect the external affairs ministry to consider only manpower exports while formulating foreign policy in any given situation; especially when the responsible ministries appear to be least bothered. It should be an important function in a labour-rich economy like ours for the ministry of labour to project and analyse future trends in world employment with a view to exporting skilled and qualified manpower. In fact, through the much criticised policy on insisting that foreign employers be responsible for sending the pre-travel allowance (PTA) to their Indian employees, the labour ministry has succeeded in making our labour unattractive in comparison with that of other nations. Until now, such exports have grown despite successive governments' indifference and lack

of real policy. This alone should give the cue to the government to exploit the manpower demands best.

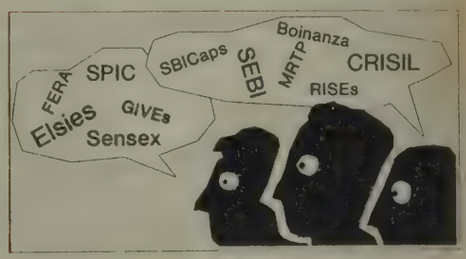
The suggestion is not that government intervene in this area, but that some guidance be given to private enterprise through embassy and consular channels. Projections of respected international think tanks and organisations such as the Interational Labour Organisation (ILO) should give the bureaucrats a fairly decent idea as to the likely areas of thrust in months — and years — to come. Such activity has been going on in economies similar to ours, like the Philippines, Korea and Sri Lanka, where manpower exports are far better organised.

In the $50-billion Gulf labour market, India's share is a measly $3 billion. Of course, analysts are pointing out that the recent cessation of hostilities presents excellent opportunities for India in terms of manpower exports. Although the US has managed to corner the prime contracts for rebuilding Kuwait, it is hoped that political considerations will be discarded in the choice of sub-contracts and that many Indian construction workers will find employment in Kuwait. However, this should be no reason to become complacent.

Often government initiatives, including the Emigration Act, 1983, which provided for such offices as the protector of emigrants, have been restricted to preventing labour from being exploited and cheated by recruiting agents and local employers. Whilst these concerns are unimpeachable, there are wider and more serious policy issues at stake. Indians abroad, in comparison to Phillipinos and Sri Lankans, receive far less protection from the government through our consulates and embassies. No proper insurance schemes are formulated for the purpose of providing security to employees and no standard contracts are prepared to ensure fair treatment. Ultimately, these workers will return to India having sent their savings in foreign exchange to Indian banks. One need not spoil them, but pampering to a certain extent will go a long way in attracting the much needed foreign exchange.

In the post-war Gulf scenario, something like 400,000 vacancies are projected. Intelligent analyses can yield dividends in terms of assessing opportunities in new areas — the service sectors, software and manufacturing opportunities. After all, like some other developing countries, manpower exports is not just a foreign exchange earner, it can be the strategy for development as well. The one resource India has in abundance, after all, is its people.

The ETA syndrome



All Indians are equal. But some are more equal than others when it comes to the arcane art of first picking long, cumbersome names for institutions and then shortening them. The corporate sector and the government are particularly prone to the "elongate, then abbreviate" (ETA) syndrome. So, much of what people in it say is gobbledegook to others.

Nothing, though, can beat the stockmarket at practising ETA. It might be because brokers are usually in a hurry these days, thanks to the BSE's Sensitive Index having become unusually sensitive of late. For example, ask broker Suresh Shah why he smiles when the Sensex rises. Because Ordinary, Loco, Motor and Auto are rallying on the BSE, you see. And SPIC's doing fine on the Madras line. There's a boost from UTI's buying and fizz to come from Canpep. What about the budget, even if postponed? The Third World's official slogan — "No problem" — is trotted out as the response. The IMF will force PSU sales and FERA companies (actually ex-FERA) will always do well.

If broker Sureshbhai was to say the above in full, the market would close by the time he finished summarising its condition.

The life of an abbreviation or an acronym depends on what's behind it. FERA and MRTP have lasted not because they roll off the tongue very well but because saying the whole thing is too daunting. On the other hand, Sensex has become the tony English-speaking analyst's choice for the BSE's (sorry, Bombay Stock Exchange's) Sensitive Index over the past year, but the typical "native share and stockbroker" — that's his official name— is not comfortable with it and still prefers to call it just "the Index".

Since the actual user determines the future life of an ETA word, Sensex is probably doomed. So also Elsies, now making the media round as an acronym for Equity Linked Savings Schemes. Elsies have their own cute incarnations as Canpep and Masterplan. But since they are all issued by the public sector financial institutions, which know best how to clone each other, they are all identical and boring to check into.

On the other hand, Ordinary for Tata Steel has a historical basis. It refers to the time when equity shares were ordinary — as opposed to preference shares — and Tata Steel was the only actively traded share. So also Auto and Motor for the times when Premier Automobiles and Hindustan Motors were the only automotive companies listed long before the likes of Bajaj Auto drove up.

Very few ETAs have been deliberately chosen and have turned out successful. However, SEBI for the Securities and Exhange Board of India and CRISIL for the Credit Rating and Information Services of India Limited have caught on.

In any case, it is never boring. One looks forward to the time when Sureshbhai tells us that SBI Caps combined with a CanCan had saved him from losing his shirt

Holding the boss's hand

What more can anyone want when he's the boss? Help apparently, because stress often cuts one down to size.

The Swedes are taking the problem seriously with a number of initiatives aimed at assisting higher level staff to cope with their problems. The Swedish daily business paper, *Dagens Industry*, offers a telephone service every Monday after 5 in the evening for managers in difficulty.

This service has received hundreds of calls since it was started three years ago. While it cannot solve its callers' problems what it does offer is a soothing voice uttering a few well chosen words, to soothe the frantic caller. The distressed stereotype they've discovered is aged between 40 and 45. Half have worked at MD level, the rest are from middle management. A quarter are women.

People power

Unmindful of the inconvenience caused to the general public, employees of the essential services' sector — electricity, transport, telephones, water supply — strike every now and then. Recently, the private bus owners of Cochin did the same. Only this time their plan boomeranged.

They went on a three-day strike demanding an increase in bus fares because of a 25 per cent rise in petrol and diesel prices. But when they restarted the bus service after the strike, they were in for a shock. This time the general public stopped these buses from plying. And the people's argument was: "We managed without you for three days, so why not the fourth also."

R. VE[illegible]EVEL
Madras

The friendly touch

When M. Karunanidhi was the chief minister of Tamil Nadu, he introduced the pension scheme. Pensioners received the amount every month by money order. To give a personal touch to the scheme the money order coupons carried a printed message "from your friend M. Karunanidhi". What surprised pensioners was that even after the imposition of President's rule, they continue to get the same message even though their benefactor now is out of office.

J.B. WILLIAM
Madras



Big biz in video-conferencing

While most industries suffered during the Gulf war, one segment did roaring business — dial-up mobile video-conferencing. Operators reported an "unprecedented" increase in demand for their facilities. They were working close to maximum capacity.

Video-conferencing was introduced in the early eighties as a means of bringing groups of people together over long distances by the use of live video pictures transmitted over international telecommunication lines. People at three or more locations can see, hear and talk to each other and even exchange and discuss high resolution drawings and images from slide projectors, whiteboards and video recorders. There are now more than 2,000 dedicated public and private video-conferencing lines worldwide.

Now a British company has developed a more sophisticated version called i-Link. Its compactness allows links to be set up in normal conference rooms and offices rather than specialised video-conference studios.

HRD via video

The in-house video craze is catching on. While Voltas and Glaxo have developed in-house video magazines and the Rourkela steel plant its own cable network, the Steel Authority of India Ltd (SAIL) has adopted the educational approach.

SAIL has developed three video films on performance appraisal. The first one titled, *A measure of success: Performance Appraisal System in SAIL*, explains the system, its components, implementation and impact. The second one, *Open Forum*, explores various problems and issues experienced in implementing the performance appraisal system and suggests ways of overcoming them. The third, *Dream or Nightmare*, discusses various aspects of the performance review and highlights concepts and attitudes required to make such appraisals a useful exercise.

Although the cassette was initially developed for in-house viewing, several executives and HRD managers from other organisations who viewed these films found them useful. SAIL has therefore decided to market the cassettes via the Ahmedabad-based Academy of Human Resource Development.

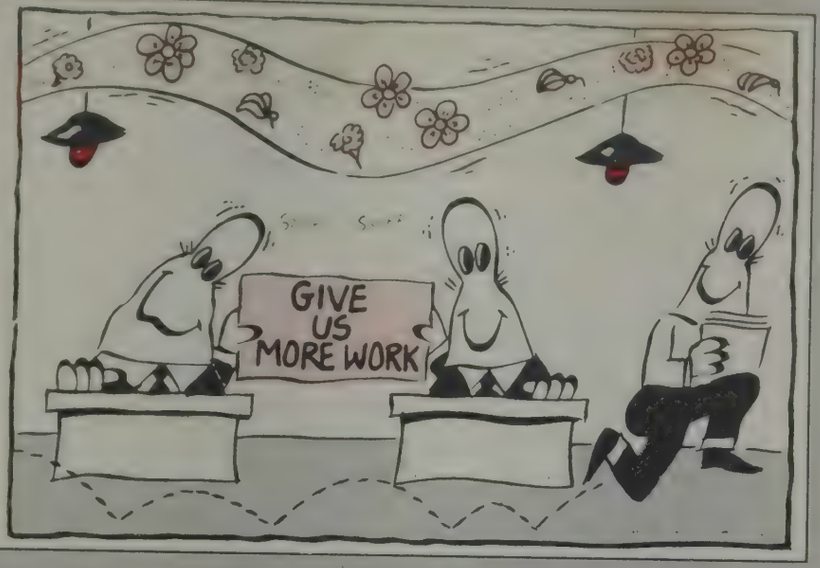
Business India invites readers to send original unpublished contribution to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contribution.

Dill for the diligent!

By making use of mint and lavender, a major Japanese perfume manufacturer hopes to raise the productivity of its personnel by 25 per cent.

Employees receive a 'scent watch' that pervades their homes with the aromas of lavender, camomile and dill, as these herbs contribute towards a good night's sleep. In the morning, these industrious Japanese workers will be awakened to the scents of pine and eucalyptus.



The final countdown

The proposal to give financial institutions (FIs) membership of the Bombay Stock Exchange (BSE) ended in an anticlimax.

By the end of a four-hour long debate even the BSE ex-president, Mahindra Kampani, who had seconded the motion changed his mind. When a vote by a show of hands was proposed, nobody raised his hand.

R.D.
Bombay

Towards a better life

Uruguay has taken a small step in solving its problems of poverty and pollution. In Montevideo, the Uruguayan capital, rubbish pokers numbering between 2,000 and 8,000 may be seen rummaging in rubbish bins. The materials are then sorted out and sold to intermediaries, who pay disproportionately low prices for them. The intermediaries however make enormous profits when they resell these materials to different industries — which in turn save money by not having to import raw materials. Rubbish pokers have thus become an important part of the Uruguayan economy. Yet, they live in impoverished conditions. To aid them, the 'Movement in favour of a More decent life' (MOVIDE) is setting up co-operatives to distributing profits as equitably as possible.

Even the system of collecting rubbish has been organised. A project has been drawn up that includes the creation of five dumping sites for the rubbish collected in the city. After rubbish pokers have finished collecting reusable articles, the remains will be carried to a biogas factory. It has been calculated that the biogas factory can produce 45 to 50 cubic metres of gas per day saving the gas company 25,000 litres of naphtha.

What's up with ad agencies?

Abracabdra and what do you get out of the ad bag of tricks? If you're in Sweden, you get the point literally. Swedish ad agencies are now contemplating using the hypodermic syringe to advertise their wares. The proposal also includes advertising on patient registration cards, shoe covers, disposable cups, forms and hand towels.

Closer home foreign companies are concentrating on the sublime rather than the ridiculous. British Airways is offering Indians a free ride to London on 23 and 24 April and Pepsi is luring 'dying to meet Kapil buffs' with a free subscription to *Sports Channel*, the first Indian sports video magazine.

Among the Indian companies, Allwyn is carrying out a survey and drawing up an 'honours list' of customers who have owned an Allwyn fridge for the last 25 years. And Kinetic Honda is said to be offering a four wheeler, in a lucky draw, to customers who have bought two two-wheelers.

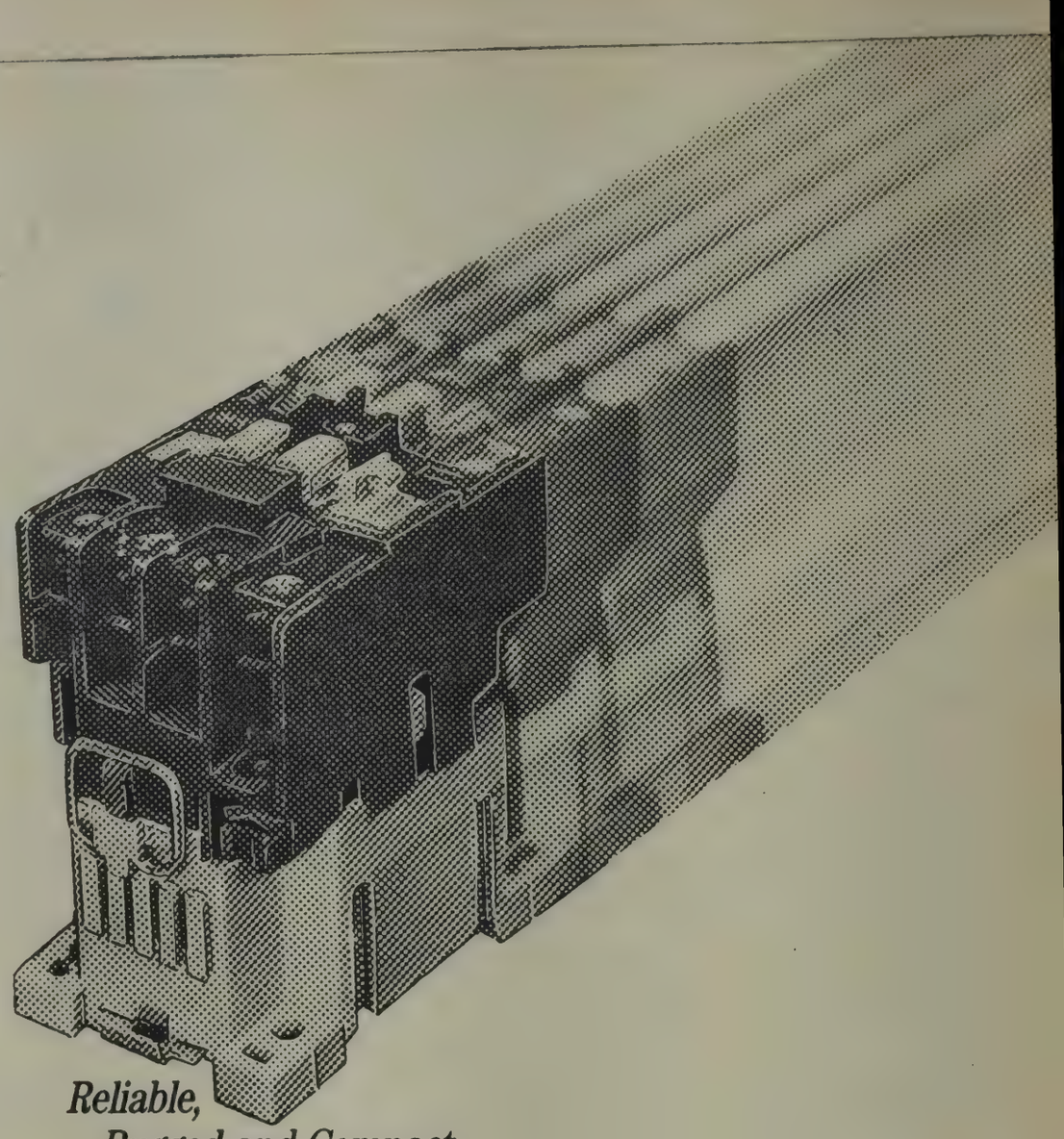
What the opportunists do?



A recently enacted law in Singapore prohibits its citizens from driving out of the city state without having filled at least three-fourths of their car tanks. This is to prevent them from buying cheaper fuel in neighbouring Malaysia. But in spite of this legislation, Singaporeans continue to drive out for a cheap buy.

A similar trend seems to be emerging here as well. Of late, more and more car owners in Thane have been buying their requirement from nearby Mulund. In the process, they are able to save 55 paise on every litre filled. Thus, a tankful of 30 litres entails a saving of Rs.16.60. The reason: since Thane falls outside the jurisdiction of the Bombay Municipal Corporation, the fuel sold here attracts the mandatory octroi duty.

B. RIMA
Thane



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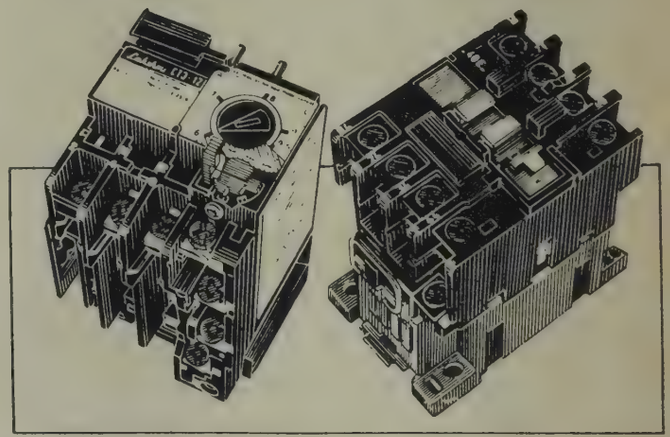
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The right impression

While all attention has been focused on the American rating agencies Moodys and Standard & Poor, little attention has been paid to the equally important Japan Bond Rating Institute (JBRI). So far, the Japanese have given an A– rating (they do not have triple A like the Americans) to Indian government instruments. But if the rating slips two notches, then even the most successful public-sector companies like ONGC and State Bank of India will not be able to raise the Samurai bonds as they have been doing in recent years.

A Japanese team is visiting India currently, and one can only hope that they go away with the right impression.

Timely help

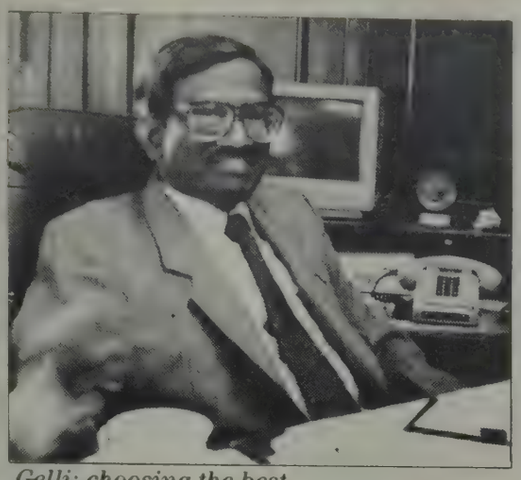
Yet another business group is all set to enter the media business. The Lucknow-based Sahara group, more known for the controversies surrounding its deposit schemes, is gearing up to launch dailies in three languages — English, Hindi and Urdu — in Uttar Pradesh. The managing worker of the group — as the chairman and managing director of the group Subrata Roy likes to call himself — is an old friend of telecommunication minister Sanjay Singh. Roy is trying to launch his newspapers before the elections so that he can provide some *sahara* to his beleaguered friend and his ilk.

Unusual diversification

BPL, the Rs.600 crore consumer electronics group, has decided to go in for coffee plantations. The group plans to acquire at least 3,000 acres of coffee land. According to its managing director, T.P.G. Nambiar, "It is a diversification activity." The company has already made the initial payment to a leading planter for 300 acres of land.

Job offers galore

Ramesh Gelli, chairman, of Vysya Bank, the number one private sector bank, was recently offered the chairmanship of UCO Bank. Gelli has reportedly declined. Apparently, there are at least two more similar offers coming up. Gelli, who took over



Gelli: choosing the best

the chairmanship of Vysya Bank in 1983, is at present on extension until February 1992. There are indications that he may soon be picked up by the finance ministry to head a nationalised bank. Meanwhile, Vysya Bank is also hunting for a successor to Gelli.

A new Thapar venture

The L.M. Thapar group is setting up a new company for food processing and prawn farming at Nellore in Andhra Pradesh. Called Thapar Waterbase Ltd the new unit is coming up in collaboration with a Taiwanese company called Luxe. The Rs.30 crore project will have a foreign equity of 12 per cent. At present, work is in progress for setting up the grow-out ponds on 500 acres. The location has been selected by Luxe.



Hindustan Lever HO: tie-up with Mckinsey

Thin end of the wedge?

The large US multinational consulting companies which have been working on getting some assignments in India for a couple of years now finally seem to be making some headway.

Reportedly, the New York-based firm Mckinsey, considered to be the most high-powered strategic consulting firm, has been awarded a contract by Hindustan Lever to look at a new export strategy. The foreign exchange component of this study is being funded by an ICICI credit line. Meanwhile, Mckinsey's competitor, Boston-based Arthur D. Little, has been retained by Tisco to chalk out long-term corporate strategy.

The US firms started looking at India seriously when they began hiring Indians at very senior levels. Many of their employees wanted "to do something" in India.

Are these contracts the first step to opening offices in India?

Capital fillip

A new committee has been appointed by the government to re-examine all the guidelines that have been followed by the office of the Controller of Capital Issues (CCI).

Reportedly, M.J. Pherwani, currently chairman of Infrastructure Leasing and Financial Services as also the National Housing Bank (NHB), has been appointed the chairman. It appears that the government has also been willing to appoint several leading figures from the private sector to the committee. Reportedly, N.A. Soonawala, the Tata finance chief, and Shitin Desai, director of DSP Financial Consultants, a leading merchant bank, have also been included.

The committee has a wide mandate to go over all the guidelines including those on valuation, issue of debentures and preference shares. It can even frame new rules for new instruments.

If the government seriously implements any recommendations such a committee proposes, it is bound to give a big fillip to the capital markets

INDIA CEMENTS

Gamble pays off

The current year's (ending March 1991) results of the Madras-based India Cements Ltd (ICL) is expected to be the best in its 40-year history. Its turnover is expected to be around Rs. 250 crore (Rs.146 crore), with a gross profit of Rs.40 to 45 crore (Rs.13 crore). ICL's daring but timely acquisition of the 1 million tonne cement plant of Coromandel Fertilisers Ltd (CFL) based at Andhra Pradesh last year is paying rich dividends (see *Business India* 14 May 1990).

N. Srinivasan, who took over the management of the company 18 months ago, is satisfied. Not only has he steered ICL out of the woods and re-established its pre-eminent position in the south, but has also emerged as a highly respected spokesman for the south Indian cement industry.

Good combination. When the financial institutions decided to give the management control of ICL to the original promoters' family in September 1989, Srinivasan was appointed managing director after almost 10 years in the wilderness. Sanmar group's N. Sankar got the chairmanship, as both their families had promoted the company — a combination which has worked out well, for once justifying the FIs' action.

ICL was not doing well in 1989. Prices had crashed in the cement industry and the company had been demoralised by a leadership vacuum. The modernisation of one of its two wet plants in the Tirunelvely district of Tamil Nadu was taking time. During 1988-89, ICL had finished with an operational loss of Rs. 5.5 crore on a turnover of Rs. 137 crore and had to sell off its shares in Chemplast for more than Rs.4 crore to balance this loss.

ICL's aquisition of CFL's cement at a price of Rs.105 crore was considered rash in some circles. But Srinivasan was confident. "Cement prices had started improving in the South. We could see that the coming years were far more promising," says he. Also, Coromandel's limestone reserves were plentiful, while at ICL's plants at Tamil Nadu, it was in short supply. "I was really hoping to make the future of ICL as a cement company secure," adds Srinivasan.

The ICL team was also convinced of the technical viability of the Coromandel plant. Though the highest bidder (outbidding companies like Gujarat Ambuja and Larsen & Toubro) at Rs.105 crore, ICL had to raise only Rs.30 crore as it was taking over the liabilities. It got a bridge loan of Rs.17 crore from the IDBI and was able to raise the rest of the funds internally. The deal was through by December.

Cement industry sources agree that ICL has been making money from Coromandel from the very first month itself. "What we did was not rash, but a calculated risk. We are looking for growth and may be more acquisitions synergetic with our existing operations. It will all be done step by step. But when the time comes, we will act quickly," says Srinivasan with quiet confidence.

■ SUSHILA RAVINDRANATH

B&C MILLS

Heading for closure

The situation at the Buckingham and Carnatic (B&C) Mills in Madras is tense. The 6,000 strong workforce is waiting and watching as production slows down to a trickle. Despite a rejection of the management's application for a closure by Tamilnadu's commissioner for labour last month, B&C Mills will soon down its shutters for the third time in its century-old history. "Yarn supplies are running out. Suppliers have refused to extend credit. It is a question of time before production peters out," maintain sources at Binny Limited, which owns the unit.



B&C Mills, Madras: closing time?

Bone of contention. The labour union in the company alleges that "a closure is being engineered by the management in collusion with suppliers and lending institutions." At the union's general body meeting, workers unanimously supported a resolution against the move to shift the processing house to Bhuvanagiri in the Cauvery basin, 200 km south of Madras. The management is determined to move. The processing house requires a continuous supply of water and power, which is not available in Madras. "Bhuvanagiri presents a permanent solution to this problems," says the Binny management.

Unless this issue is sorted out, the IDBI-led consortium of banks and financial institutions will not release the funds for Binny's Rs. 60 crore modernisation exercise which will cover the mills at both Madras and Bangalore, (see *Business India* 3 September, 1990).

The modernisation exercise involves setting up the processing house at Bhuvanagiri at a cost of Rs.20 crore. A scientific lay-out is planned to make the mills in Madras more compact. Open ended spinning machines will also be introduced. Binny Ltd is projected to break even by 1996, and wipe out the accumulated losses of Rs.44 crore by 2000 AD.

Part of the labour union's mistrust stems from the fear that the entire operations will be eventually moved out of Madras and the surplus land sold. Says K Srinivasa Rao, finance director, Binny Ltd, "The sale of surplus real estate is a must. Binny owes Rs.122 crore to the banks and financial institutions." The management has offered the workers three options — a voluntary retirement scheme, absorption of the workers opposed to the move in Madras and the remainder to be relocated at Bhuvanagiri.

But the union won't be persuaded and is pressing for a takeover of B&C by the state or the central government.

■ DHARANI K. PAN



UNMATCHED

ENDURANCE

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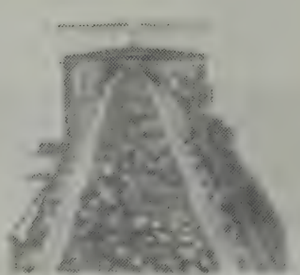
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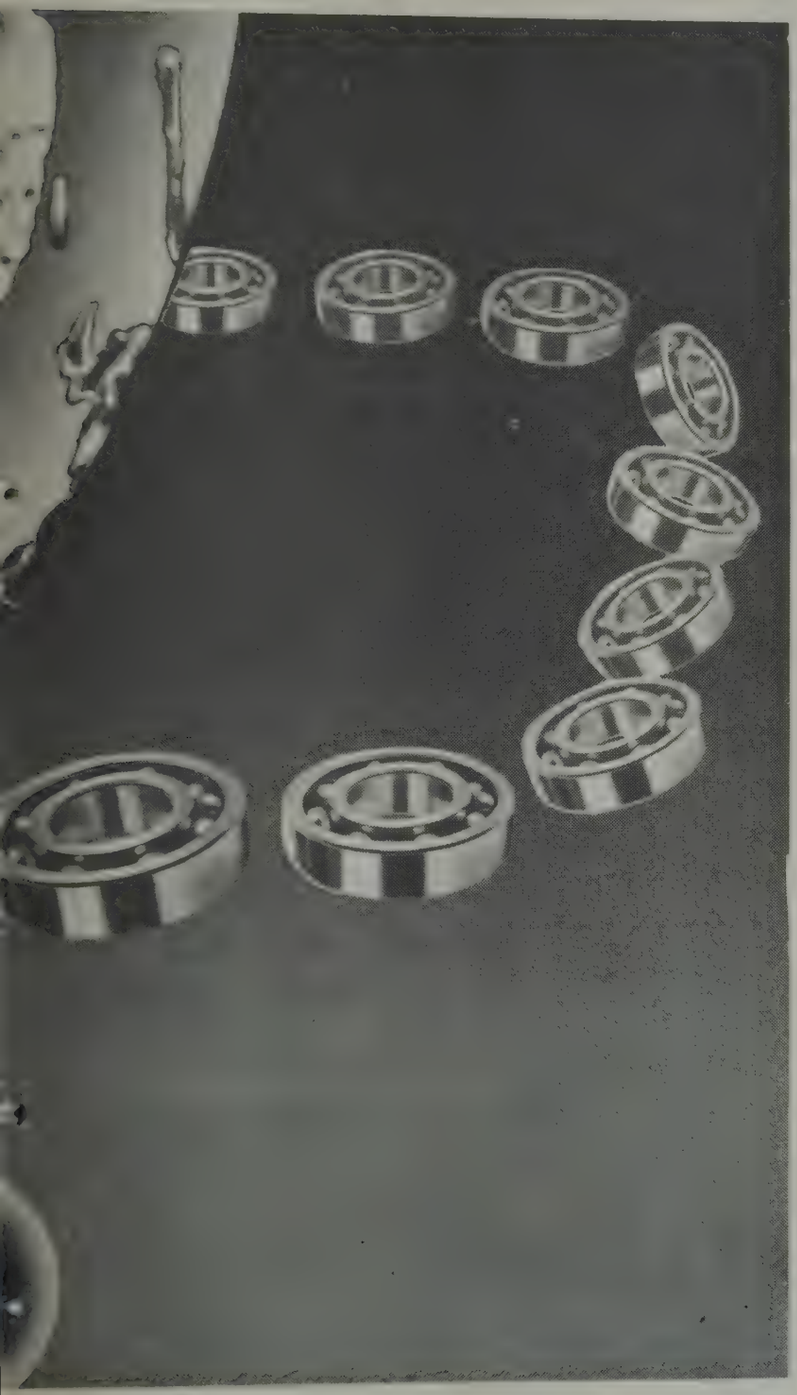


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ECONOMY

More in the revenue kitty

The total central revenue collected up to February 1991 is Rs.46,128.66 crore, which is higher by 10.68 per cent over the figure for the corresponding period last year. Combined realisations from customs and central excise for the same period is Rs. 39,600 crore, 11.93 per cent above last year's figure of Rs.35,378 crore. The central excise collectorates and custom houses, where shortfalls were noticed, were instructed to step up the pace of collections. The customs house made elaborate arrangements to clear as much cargo as possible in March. Also, the net collection of direct taxes — Rs. 6,529 crore — recorded an increase of Rs.229 crore this year.

PSUs overtake targets

Thirty-three public sector undertakings under the department of heavy industry of the industries ministry have achieved nearly 20 per cent higher production in February 1991 than the corresponding figure for the same period last year. The aggregate value of production of these units was Rs. 939 crore as against Rs.779 crore last year. In addition, consultancy and contracting enterprises under the department have touched a total turnover of Rs.32 crore, well over the target of Rs.27 crore for this year. Among the public sector undertakings which overshot their production targets were Andrew Yule & Co. Ltd, Bharat Heavy Electricals Ltd, HMT Ltd and Maruti Udyog Ltd.

Fall in REP licence premium

The Reserve Bank has imposed severe restrictions on imports by stipulating 133 per cent margin money on opening LCs. Though the RBI has not clarified the specific licences that will be included, it is believed that REP and additional supplementary licences will be affected. This explains the decline of the premium on REP and additional licences.

The premium on REP import licences has declined to 15 per cent from the previous 35 per cent following the restrictions imposed by the Reserve Bank of India on opening letters of credit.

Idle forex

The Reserve Bank transferred all capital goods imports from commercial banks to financial institutions in a drive to conserve foreign exchange. Unutilised foreign currency credits available with the financial institutions is estimated to be around $600 million, including sectoral loans of about $250 million. Among the major institutions, IDBI has nearly $200 million of available foreign exchange and ICICI, around $130 million.

Petrol import likely

India is likely to import petrol during 1991-92 — 470,000 tonnes — after a gap of nearly three years. This indicates that the days of self-sufficiency in petrol are over, or at least till new refining capacity is created.

Increased demand and delays in setting up refining capacity has led to a shortfall of petrol. Hence there is likely to be a provision in the foreign exchange budget from 1991-92 onwards for petrol imports.

Fodder from the US

The US Department of Agriculture awarded six grants totalling Rs.81 lakh to support cooperative agricultural research projects at several Indian institutions. These grants are primarily meant for preserving staple food supplies or increasing the yields of important food resources. Among the institutions which have been awarded the grant include the Orissa University of Agriculture and Technology, the Central Soil Salinity Research Institute, the National Bureau of Plant Genetic Resources and Punjab University's Department of Zoology.

No more newsprint cut

The government has lifted the 10 per cent cut in the release of imported standard newsprint. This cut was announced on 14 March by the State Trading Corporation (STC). Efforts are now being made to meet the increased requirement of newsprint for the coming Lok Sabha elections.

CORPORATE

IPCL-GEP joint venture

Indian Petrochemicals Corporation Ltd will set up a Rs.700-crore joint venture with General Electric Plastic BV (GEP) of Netherlands to manufacture advanced engineering plastics like polycarbonates and polyphenylene, in India. GEP is the engineering plastics division of General Electric. A Memorandum of Understanding has been signed between the public sector company and the multinational. The venture will also cover neighbouring countries and the Middle East in its area of operations. IPCL has already obtained a letter of intent for the project.

AI to acquire aircraf

Air India has received clearan from the Public Investmer Board for the acquisition of fo Boeing 747-400s. The aircra which are estimated to c around Rs.1,362 crore, will place four old Boeing 747-20 Two of the new aircraft are to acquired in the next financ year, while two more will co in 1993-94.

New shock absorber plant

In early March, Gabriel Ind Ltd opened its new shock a sorber plant at Nasik in Mah rashtra. The plant has been s up with an investment of Rs. crore to manufacture tw wheeler shock absorbers. Er ploying around 120 people, it expected to have a turnover around Rs. 25 crore. The sho absorber has been designed the Yamaha Motor Co of Japa while the project is in collabor tion with its subsidiary, Soc Gabriel also plans to manufa ture front forks for th Kawasaki Bajaj later this year

TUL enters Japanese market

The computer consultancy di sion of Tata Unisys Ltd has e tered the Japanese market wi a major order for software se



vices relating to the Unisys Standard Airlines System (USAS) programme. The order, worth more than $1 million a year, is to be executed over the next three years.

A team of Nihon Unisys managers visited Tata Unisys in December. Following an agreement between the two Unisys companies, a group of consultants have been working on the USAS project in Tokyo. The system, which is used by Japan Airlines, Lufthansa, Air France, Cathay Pacific and Air India, is one of the most sophisticated airline packages available.

CRL's plant commissioned

Cochin Refineries' captive power plant was commissioned on 15 March, a month ahead of schedule. The gas-based turbine



plant will be able to generate around 20 MW. The equipment has been supplied by BHEL, and will cater to the entire power requirements of Cochin Refineries once it is in operation.

Essar increases stake in SISCO

Essar Shipping Ltd recently increased its stake in the South India Shipping Corporation from 9.1 per cent to 22 per cent. The Ruias of Essar have now moved decisively into controlling positions at SISCO — Shashi Ruia is chairman and Ravi Ruia a director on the company's board.

Essar purchased the shares for Rs.1,500 each and intends to make an open offer to SISCO's shareholders of 50 equity shares of Essar (face value: Rs.10) for one share of SISCO (face value: Rs.100).

IOL welding division transferred

IOL Ltd has decided to transfer its welding division to Esab India Ltd. At present, the turnover of this division is around Rs. 60 crore. Esab India expects to consolidate its position in the market through this acquisition, which will also enable it to introduce advanced products like submerged arc fluxes.

To part finance this acquisition, Esab India is planning a rights issue of partly convertible debentures totalling Rs.18.82 crore. Esab's Swedish parent holds around 40 per cent of the equity through the UK-based Esab Holdings Ltd.

RPG's French tie-up

The RPG group has signed an agreement with Hospitex SA, a part of the French government-owned financial institution, Caisse des Depots, to provide hospital consultancy services in India. Paramount Hospitex India Ltd, a joint venture company, has been formed with a French stake of 40 per cent. Hospitex is internationally known for hospital engineering, design, planning, equipping and operating modern hospital projects.

Paramount Hospitex India has already signed a project monitoring contract with the Calcutta-based Peerless General Finance and Investment Company to set up a 300-bed hospital in Calcutta.

INDUSTRY

Expansion curbs relaxed

In a bid to step up industrial production, the industries ministry has relaxed norms for capacity expansion subject to certain conditions. The exemption will not apply to the 26 industries for whom compulsory licensing has been prescribed.

The conditions are that the expanded capacity to be re-endorsed on the licenser registration certificate will be limited to the highest production achieved during any of the financial years between April 1, 1988 and March 31, 1990. Also, the items of manufacture should not be those reserved for the small scale sector. The export obligations will apply equally to the enhanced production achieved.

Upgrading glass technology

The ministry for science and technology has entrusted the National Productivity Council with the task of devising a technology upgradation programme for the glass industry. The recommendation came after a study showed that such a programme was required to revitalize the productivity levels in the existing glass units. Their competitiveness can be improved only by achieving reduction in both manufacturing costs and the rejection rate.

New steel guidelines

The Iron and Steel commissioner is considering a modified distribution and pricing policy for the industry. The revised guidelines allow even new units access to the 2-3 per cent quota (from the total allocable steel) which was so far earmarked only for potentially sick companies.

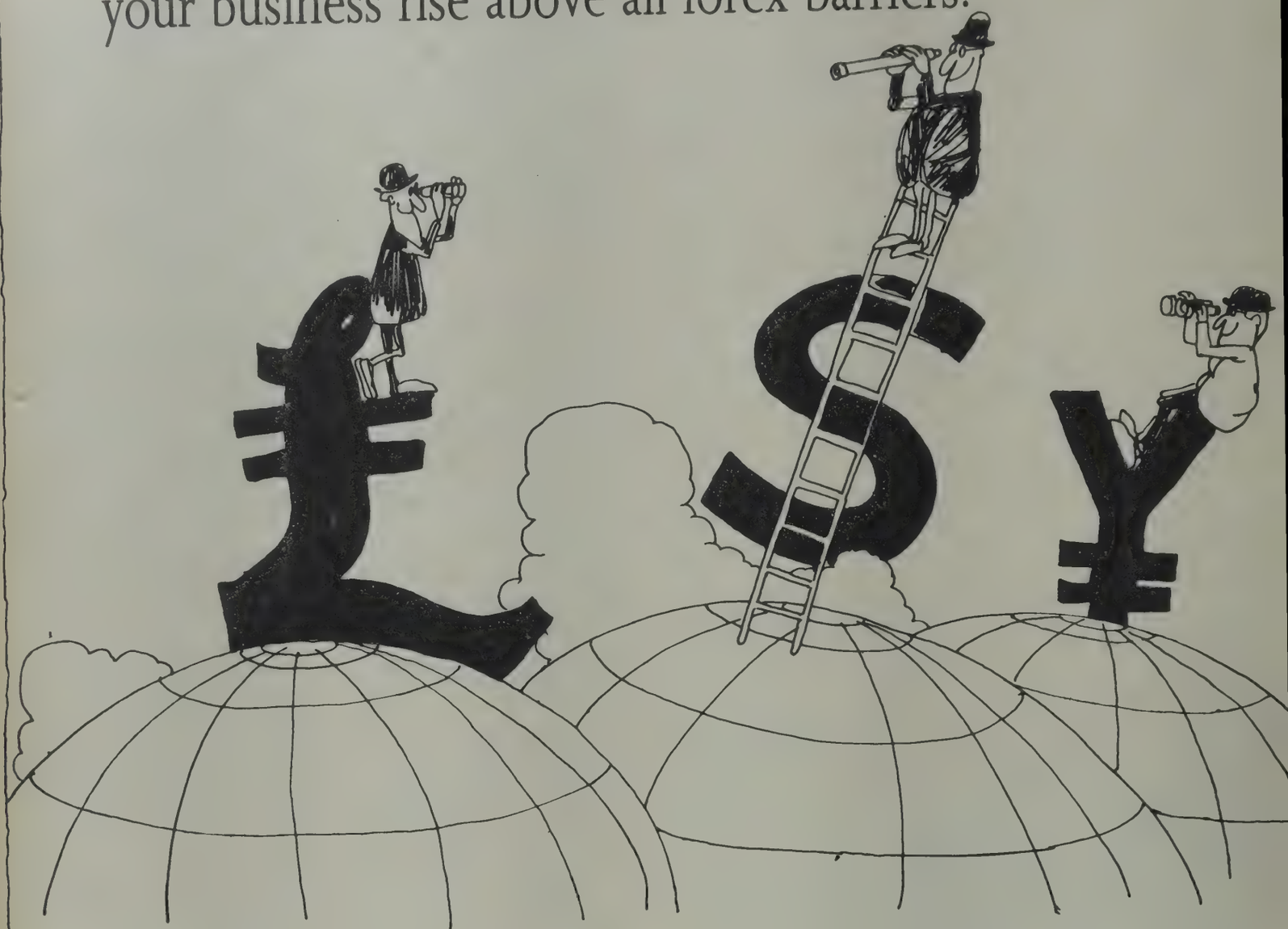
Another provision adds two per cent of the total re-rollable products such as billets, blooms and slabs to a reserved category. The galvanising industry is included in the priority list, whereas the spun pipe manufacturers have been shifted from Group B to Group A on the list.

Drug packaging review

The packaging material costs of the pharmaceutical industry may be reviewed soon, following the submission of a report by the Bureau of Industrial Costs and Prices (BICP). The study commissioned by the ministry



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D/ITD/

of petroleum and chemicals is nearly complete and the BICP has already initiated a discussion on its preliminary findings.

A new set of rules for the calculation of packaging material costs will lead to a revision of the retail prices of controlled drugs. At present, the prices of these drugs are fixed after taking into account bulk drugs conversion and packaging costs.

Plastic units hit

Raw material shortages have forced plastic units to cut down production by almost half in the last few months. The steep rise in the price of polymer — which costs around $ 400 per tonne — may force over 50 per cent of the 20,000 units to close down shortly. The units are also severely hit by the prohibitive import duty of 125 per cent. Domestic producers who supply about 50 per cent of the raw materials have also hiked up their selling prices



Cement shortage coming

The demand for cement is likely to go up to 68 million tonnes by 1995, according to an assessment made by the cement industry. The study takes 1990 as the base year, with a demand of 45 million tonnes. Assuming an average capacity utilization of 80 per cent, the country will require a capacity of 85 million tonnes by 1995, according to the assessment. The projects in the pipeline at present cover 15.32 million tonnes. However, to meet the projected demand, fresh capacity needed is 23.5 million tonnes, which means there will be a shortfall of 8.5 million tonnes.

Handloom industry stifled

The labour intensive handloom industry, based mainly in the rural areas, is being stifled by a combination of organised mills, the powerloom sector and high raw material costs. While the composite mills use up the yarn spun in their spinning sectors for conversion into cloth, the handloom sector has to pay 30 per cent more than the cost of the yarn due to costs of transportation.

Jute schemes revised

The union textiles ministry has amended the internal and external market assistance schemes to encourage the ongoing diversification programme in the jute industry. The government has lowered the necessary jute content in blended jute products from 50 per cent to 34 per cent.

Under the schemes, which are valid for three years, diversified jute products are now eligible to a ten per cent subsidy. The government is also stressing the development of jute blended garments with the Jute Manufacturers' Development Council.

The union government has also fixed the minimum support price for the basic variety of raw jute, tossa desi, grade five at Rs.375 per quintal ex-Assam for the 1991-92 jute season beginning July 1. This is a record Rs.55 increase over the current season's support price of Rs.320 per quintal.



LABOUR

DA hike

The government recently announced an increase of 5 to 8 per cent in dearness allowance for all central government employees. This is with effect from 1 January 1991 and will be included in the March pay packet. The additional instalment will be paid in cash at a rate of 8 per cent to employees with a

DIARY

EVENT/VENUE/DATE	ORGANISER
Seminar on Corporate Update (Finance and Taxation) at The Duke's Retreat, Lonavala, on 17, 18 April	Lamcon Finance & Management Services Pvt. Ltd, 3 Wing III Thackers House, 2418 East Street, Pune 411 001 Tel: 668913
Workshop on Advanced Strategies in Advertising & Marketing at Park Sheraton, Madras, on 19, 20 April	Creative Communication and Management Center, 2nd Floor, Raja Bahadur Building, 8 Ambalal Doshi Marg, Bombay 400 023 Tel: 273006
Workshop on Management Information Systems at Taj Coromandel Hotel, Madras, from 22 to 24 April	Cisma Consultants Pvt. Ltd, 6, North Crescent Road, T. Nagar, Madras 600 017 Tel: 8251964
Seminar on Quality Function Deployment and Quality Assurance at Windsor Manor Sheraton, Bangalore, on 26, 27 April	Essae Chandran Institute, 350/20 8th Cross, Wilson Garden, Bangalore 560 027 Tel: 225920

monthly basic pay upto Rs.3,500. For those having a monthly basic pay above Rs.3,501 it will be credited to their PF account.

One-day strike

Jute industry workers in West Bengal recently went on a token strike for a day. The strike call was given jointly by the CITU, INTUC and the Bharatiya Mazdoor Sangh with a four-point charter of demands. These included a complete ban on all types of synthetic packaging materials, normal wages and nationalisation of the industry.

According to the Indian Jute Mills Association (IJMA), the apex body of the jute mills in the country, the strike resulted in a production loss amounting to over Rs.5 crore.

Central Bank staff stir

The prolonged agitation by the All India Central Bank Officers' Federation is likely to delay the bank's annual financial results. Central Bank of India has 15 zones, of which at least six have alerted the bank on this issue.

Meanwhile, the federation has stepped up its agitation programme, beginning with sit-in and relay hunger strikes. The federation has also directed its members to hand over cash keys to their respective regional managers.



Strike threat

The All-India Bank Officers' Confederation has threatened to launch a nationwide agitation if their demand for pension is not fulfilled. According to Umed Singh, vice-president of the confederation, limited pension was being provided only to the officers in the State Bank of India. The demand for pension to officers of all banks is still awaiting clearance from the government.

AI contract staff

A division bench of the Bombay High Court directed Air India to pay each of the latter's 260 canteen employees and sweepers on contract, an additional sum of Rs.1,000 a month.

The Sarva Mazdoor Sangh had demanded that the workers be made permanent since their work was permanent in nature. The judges asked Air India to submit a report within a month whether it could comply with the union's demand. Meanwhile, the corporation was barred from terminating the services of any worker and from entering into any new contract with regard to the work done by the 260 people.

Stir in Narang Hotel

Workers of Narang International Hotel's flight kitchen have been agitating against the alleged illegal termination of the services of 50 colleagues. According to a spokesperson of the Hotel Mazdoor Union, the management has neither been paying minimum wages, nor complying with provisions of the Provident Fund Act. To escape these liabilities, the management has allegedly been employing 40 per cent of its workers as trainees. The union has demanded that the workers be reinstated, the suspension of union leaders be revoked, and that all unfair labour practices be stopped forthwith.

LANDMARKS

Resigned, K.P.P. Nambiar, from his post as special advisor to the Kerala government ostensibly over differences with the ruling Left Democratic Front bosses in the state. In the early seventies, the high profile Nambiar founded Keltron, which was a model for several state owned electronic companies all over the country. He later became chairman of Indian Telephone Industries and the secretary of Department of Electronics. The Left Front brought him back to Kerala in late 1988 to put Keltron, which by then had fallen into bad times, back on the rails.

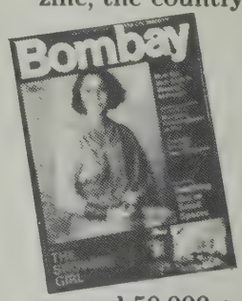


Appointed, Manmohan Singh, as chairman of the University Grants Commission. The distinguished Cambridge-educated economist has held senior government positions at various times including those of governor of Reserve Bank of India, finance secretary and deputy chairman of the Planning Commission. He is currently economic advisor to the prime minister. In his new capacity, he will have the status of a cabinet minister.

Elected, Tanil Kilachand (53), managing director of the Rs.112-crore Polychem Ltd, as president of the Indian Merchants' Chamber, Bombay for 1991-92.

Selected, Indian Aluminium Company, Gujarat Ambuja Cements and Cochin Refineries for the 1990 Harvard Business School Association of India-*Economic Times* award for corporate performance. The winners wer selected by a panel of judges which included N. Vaghul, chairman, ICICI, N.M. Desai, ex-chairman of L&T; Gurcharan Das, managing director of Procter & Gamble; and T.N. Ninan, editor, *The Economic Times.*

Ceased publication, *Bombay* magazine, the country's first city magazine, after nearly 12 years in the business. Part of the *India Today* group, it rode the crest of the glossy magazine boom of the early eighties. The fortnightly had peak circulation of around 50,000 copies but fell into hard times in the last few years following all round competition.



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C.P. KRISHNAN NAIR

C.P. Krishnan Nair, the loquacious chairman of Hotel Leela Venture Ltd, the company that runs Bombay's Leela Kempinski and Goa's newly opened Hotel Leela Beach, quotes from the Vedas to emphasise his point. He sees India, like the West, moving towards being a cashless credit card society. And he made his contribution towards this effort last fortnight by launching the Leela Centralcard, a joint venture between Leela, Central Bank and

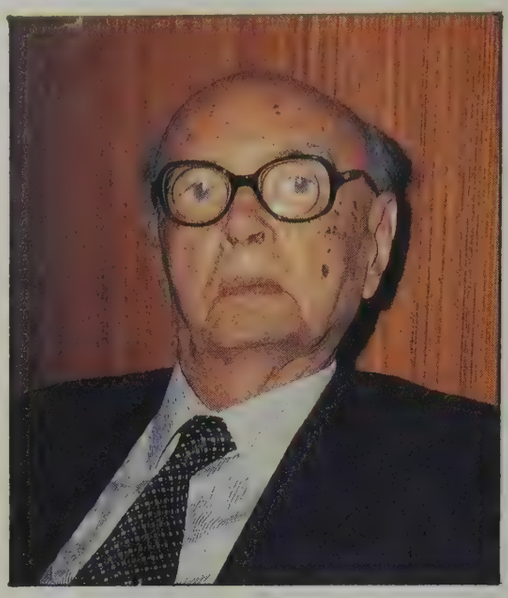


Mastercard.

The card will be honoured by 16,000 establishments all over the country and the holders will be entitled to a 15 per cent discount in select hotels in leading metros. Central Bank chairman N.M. Mistry who was also present at the release of the card said that his bank gets business worth Rs.3 crore every month from the 10-year-old Centralcard and this new venture will increase the figure by 15 per cent.

D.L. SHAH

Among the several recipients of Shiromani award this year, the one who stood out was the octogenarian D.L. Shah, chairman of Perfect Machine Tools (PMT) and former president of Indian Machine Tool Manufacturers Association. Shah, who was the



first to produce automatic lathes in India during his six decade career in the machine tool industry, was conferred with the award for his outstanding achievements in quality promotion.

According to Shah, no fresh investment is one of the reasons for the stagnating growth of the machine tool industry in India. "As the average return on investment in this industry is lower than that in other engineering sectors, in case of a recession in the economy it is the first to be hit," he warns.

ANIL SACHDEV



A good number of consultants are armchair theorists with little or no field experience. Anil Sachdev, director in charge, Eicher Consultancy Services, is refreshingly different. He has had years of hands-on experience in management and was personnel director of Delhi-based Eicher Goodearth Ltd before he took up consultancy. For the automobile company, this diversification made sense because "our strength lies in people management," he says.

Eicher Consultancy's focus is on management of change. It has chosen to specialise in three key areas: culture change, total quality and productivity. They have also tied up with the Ohio-based Sims Consulting group for materials management and plant layout. "And shortly," promises Sachdev, "we should be swinging into business from other cities too."

SURESH KRISHNA

Sundram Fasteners Ltd. (SFL) has achieved the distinction of being the first Indian company to get its quality management system certified for conformance to ISO 9000, a rating that accredits organisations for their quality control programmes. Says Suresh Krishna, managing director of SFL and former president of the Confederation of Engineering Industry, "The ISO 9000 accreditation would now enable us to tap quality conscious markets in the west, especially OEM buyers."

A flagship company of the TVS group, SFL is set to touch the Rs.100 crore mark in exports by 1995, making it one of the top fastener manufacturers in the world. This accreditation will give the company access to 40 industrialised countries of the world.



C.P. RANGACHAR



The Bangalore-based hydraulic equipment manufacturer, Yuken India Ltd, in technical collaboration with Yuken Kogyo of Japan has some ambitious plans. They will "help double our turnover from Rs.10 crore in 1990-91 to Rs.20 crore in 92-93," says its managing director, C.P. Rangachar. By the second half of this year, the company will be launching three new products — low noise vane pumps, piston pumps and proportional electro hydraulic

controls. It also has plans to go in for mobile hydraulic equipments in future. "To manufacture high-torque low-speed motors, we have floated a new joint venture company, SAI (India) Ltd in collaboration with SAI of Italy," he adds.

BIN NAGAI

Bin Nagai the managing director of Harima Ceramics, the refractory subsidiary of Nippon Steel of Japan, was in Calcutta and Rourkela last fortnight to lay the foundation stone of the



joint venture project with the Bajoria group's Indo Flogates. Harima Ceramics is one of the world leaders in high temperature ceramic refractories used in the steel industry. The Rs.20-crore joint venture project, IFGL Refractories Ltd will produce continuous casting refractories in India. Continuous casting helps save energy and costs as wastage is less. Says Nagai, "In Japan, 95 per cent of the steel produced is by the new continuous casting process, while in India it is only 27 per cent. "That's why we've come here, as the market for this process will grow in this country."

PAUL GRIESSE

"We heard good things from the V.P. Singh government but did not see anything happen; we did not hear anything good from the Chandra Sekhar government nor did we see anything happen," says Paul Griesse, vice-chairman of the US section of the Indo-US Joint Business Council, after his week long visit to India as head of a delegation of American businessmen. Griesse was obviously very disappointed at the pace at which decisions were being made by the government in this country. Investment applications from America worth at least $200 million are pending on the US Commercial Consul's desk in New Delhi.

But at a personal level, Griesse does not have much to worry about. He is the president of a medium-sized US company based in Ohio called Bry-Air Inc and his 13-year collaboration venture with the Delhi-based Arctic India to manufacture industrial dehumidifiers continues to do well. Called Bry-Air India, the company recorded sales of Rs.50 crore last year and the two collaborators are now setting up a joint venture — Bry-Air Malaysia. But Griesse feels Bry-Air India could have grown four times faster if its Indian partner did not have to spend 40 per cent of its time dealing with government regulations.



R.D. AGA and VIJAY BHATKAR



From boilers, to supercomputers — that's the way Thermax has progressed. R.D. Aga, the company's chairman, recently signed a technology transfer agreement with the Centre for Development of Advanced Computing (C-DAC) to manufacture PARAM, a super computing system. An in-house R&D product of C-DAC, PARAM is a parallel processing computer that can support configurations of 16 to 256 nodes.

The company, which has been developing parallel computing software since 1985, became the first private sector company to receive manufacturing technology from PARAM. Parallel processing has now become a frontier technology in super computing. Says Aga, "It will enable India to achieve computing power in line with imported supercomputers like Cray and Convex at very competitive prices." The cost of a machine with 256 nodes will be in the range of Rs.3.5 crore.



Adds Vijay Bhatkar, C-DAC's executive director who signed the deal, "Supercomputers have now become a strategic tool for resource development in areas like seismic data processing, oil reservoir modelling, remote sensing, weather forecasting and defence." Thermax was preferred to Keltron and ITI who were also in the race for the technology transfer deal. "Tata Unisys has also applied for the technology transfer, but a formal agreement is yet to be signed," reveals Bhatkar.

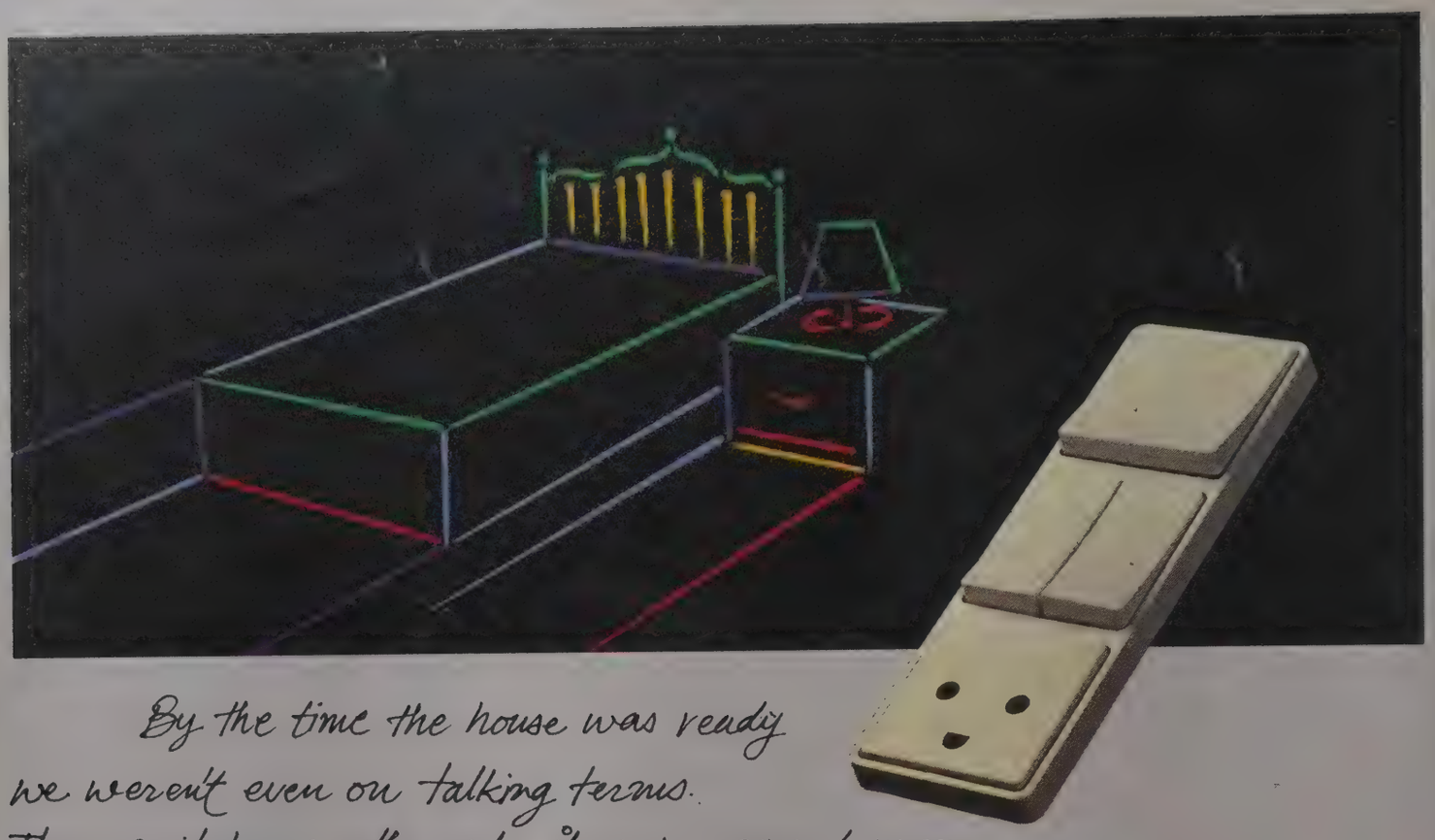
PRANAB BARDHAN

Economist Pranab Bardhan — Professor at the University of California, Berkeley, and Chief editor of the *Journal of Development Economics* was recently in Bombay to deliver the sixth



EXIM Bank commencement day lecture. Speaking of the ways in which the comparative advantage of a nation changes, he said countries like Taiwan and South Korea had progressed largely because of "aggressive and judiciously selective" state intervention. This was also the best mechanism to build India's dynamic comparative advantage.

He does not accept that liberalisation is a more efficient alternative to state intervention.



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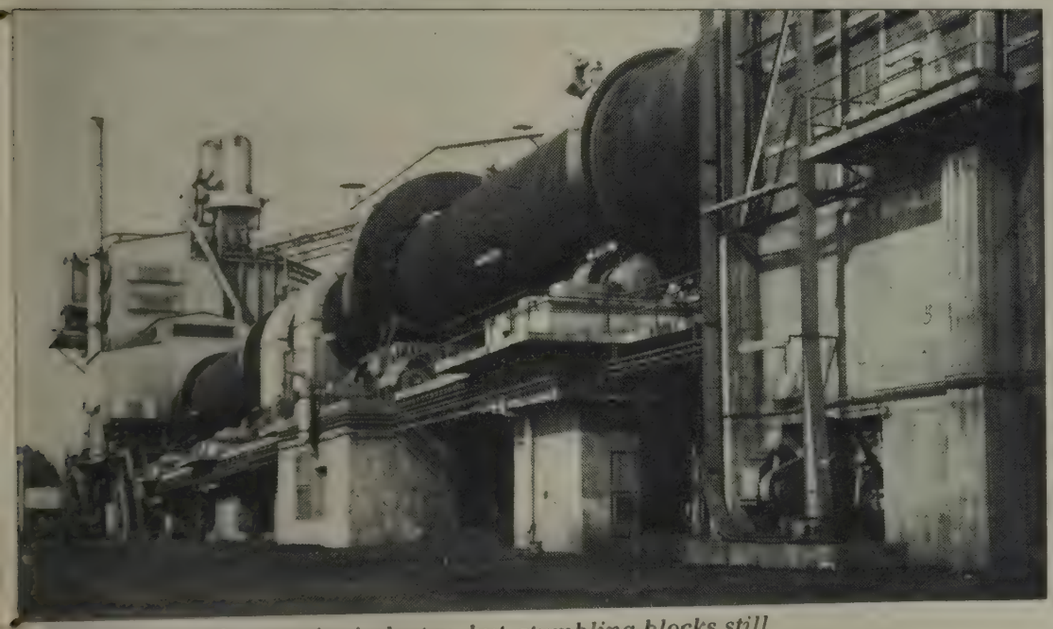
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SPONGE IRON

Time to resolve problems

The great rush is still on. More and more steel producers are discarding scrap as a raw material in favour of sponge iron. Big manufacturers like Mukand and Mahindra Ugine Steel Co (MUSCO) had taken a fancy to the new material a few years ago. Now, a number of smaller producers, especially from among the 166 mini steel units (total capacity: 5.2 million tpa), have been tempted. Of the total sponge iron used in the country, 70 per cent is consumed by these units. On the other hand, the consumption by big integrated steel plants is only 8 per cent. But even though both, users of sponge iron and their manufacturers, are hyperactive these days, they need to resolve some problems which have crept up.



Sponge iron works: sunrise industry, but stumbling-blocks still

According to government sources, there are plans to increase the capacity of sponge iron in the country from the present 600,000 tonnes to 2 million tonnes by the end of the current 5-year plan. While old players like Sponge Iron India, Ipitata Sponge Iron, Orissa Sponge Iron and Essar Gujarat have already made their presence felt, many new entrants are on the way. In all, new capacity of 8.83 million tonnes is being created at a cost of Rs 2,790 crore.

Evidently, the efforts initiated by the government three years ago to encourage the production of sponge iron are now beginning to pay off. The industry ministry had accorded "Priority Sector" status to sponge iron manufacturers by exempting them from the provisions of the Industrial Licensing Act and the MRTP Act. Another carrot: mini steel plants were allowed to expand their capacities upto 150,000 lakh tonnes or set up new plants if they agreed to use sponge iron in a big way.

Why is the Centre making sponge iron production so attractive? According to one estimate, the requirement of scrap will be around 4.34 million tonnes by next year while availability will be only 2.34 million tonnes. At present, manufacturers of steel are dependent on imported scrap to the extent of 60 per cent. In 1989-90, the country imported scrap worth a whopping Rs.900 crore! In order to save foreign exchange, the government recently made it mandatory for mini steel units to use sponge iron to the extent of 70 per cent of their requirements.

Most steel manufacturers are taken up by the advantages of sponge iron. Compared to scrap, which does not come in a fixed shape or size, the symmetrical structure of sponge iron allows it to be fed much more easily in the smelter.

But sponge iron has its disadvantages too. Some steel manufacturers say that they are being forced to use sponge iron though they would rather stick to scrap. "The same quantity of scrap and sponge iron yields steel to the tune of 93 per cent and 88 per cent, respectively," says one steelman. "And, sponge iron consumes more power in the smelting process."

The quality of the raw material is another sore point. According to R.N. Dasgupta, production manager at Western Mini Steel, Bombay, the problem lies in the fact that the best sponge iron can be obtained only through the gas route, but here there's the supply constraint. Since no particular supplier can be relied upon to provide top-quality sponge iron, this often plays havoc with production schedules.

Another problem is rising prices. The landed price of a tonne of sponge iron produced by Orissa Sponge Iron, for example, is around Rs.5,000 and it gives an yield of only 85 per cent. In the international market, however, sponge iron is Rs.4,800 per tonne, and has a yield of 94 per cent. But sponge iron consumers blame manufacturers, rather than raw material quality or market forces, for the increasing prices. One allegation: after the Gulf war broke out, the government increased the duty on imported scrap from 25 to 45 per cent. This led to the price of the raw material shooting up by more than Rs.800 per tonne. No sooner did this happen than "sponge iron manufacturers too hiked up their prices," according to the managing director of a Tarapur-based mini steel unit.

Another cloud looming over the heads of sponge iron users relates to the growing trend of manufacturers going in for backward integration. Essar Gujarat, Kalyani Steel, Nippon Denro and Grasim are among the units who plan to set up steel units using in-house sponge iron as the basic raw material. "We thought they would be merchant suppliers but if they decide to become users too then there is surely going to be a big shortage of sponge iron in the future," complains K. Ramachandran, senior adviser, MUSCO.

Ramachandran offers solutions to some of the problems faced but some of them appear too radical. "The government should allow us to import scrap to the extent of 30 to 40 per cent," he says. And what about the foreign exchange outflow? "It is very much cheaper to import scrap than to import finished products." An alternative, though, would be to import from rupee payment areas.

The problems are aplenty but not insurmountable. India has an abundance of the raw materials that go into sponge iron manufacture — iron ore, coal and natural gas — and their judicious deployment can easily make it a major international force in this area.

■ RAJU BIST

INDUSTRIAL ALCOHOL

High and dry in Tamil Nadu

It has been an open secret for quite some time — Tamil Nadu's liquor industry has been guzzling such vast quantities of alcohol, that the alcohol-based industries have been running dry. Reason: for the government, there are more bucks to be made from liquor. This has now been officially confirmed by V. Karthikeyan, the advisor to the governor of Tamil Nadu.

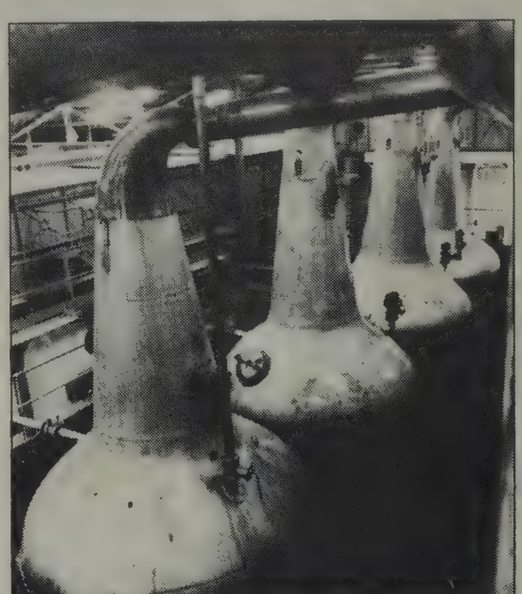
"I am constantly refusing allotment of alcohol for industrial purposes as we will then not be able to supply alcohol to the licensed IMFL shops in the state. The revenue from liquor is much higher than that from industrial alcohol. And revenue is a greater consideration for the government," Karthikeyan admits.

The annual revenue from the liquor industry is about Rs.200 crore and accounts for nearly 10 per cent of the total income for the state exchequer. In 1989, when the DMK party assumed power in the state, chief minister M. Karunanidhi said that he had inherited an "empty treasury". The only way to fill the state's coffers was to lift prohibition and let the liquor flow. And it did, especially the cheap variety.

Arbitrary announcement. The annual production of alcohol from molasses is 64 million litres. The state government had allotted 57 million litres to various alcohol-based industries and issued commitment letters. "Though officially the government allocated an annual quota for industrial purposes, no one actually received their full quota. But, after the introduction of cheap liquor, industries have been completely ignored. The government arbitarily announced the cut in allotment. In many cases, the cut is upto 50 per cent," complains P.K.N. Panicker, vice-president, Chemical Industries Association (CIA). Production in the alcohol-based industries which consist of 40 small scale and two large scale units with a combined annual turnover of Rs.100 crore, has been halved due to the non-availability of industrial alcohol. "The government's liquor policy is ruining the health of its citizens as well as of its industrial infrastructure," says Panicker.

The state government then introduced a new quota scheme under which alcohol was released only on a monthly basis. This monthly quota system has virtually snuffed out the smaller alcohol-based industrial units of the state. Under this scheme, the excise department officer has to certify the quantum of consumption every month. Then the unit has to prove that it has indeed utilised the amount. This again has to be certified by the excise department to secure the next month's quota. This bureaucratic intervention has resulted in a cumulative delay of three months. According to Panicker, the allotment for the month of January was released only in March.

Now, the government is introducing a new policy from 1 April 1991. According to this, industries will not be allotted rectified spirit but rather denatured spirit. The licence for rectified spirit will be totally eliminated. Hence, all applications for it have been turned down and industries have been asked to apply for the denatured variety. According to Karthikeyan, this move would curb the illicit diversion of alcohol from industries for potable purposes.



Liquor industry has been guzzling vast quantities of alcohol

Alternate sources for producing alcohol are tapioca, potatoes and sweet potatoes. The problem is their high cost of production. While the cost of alcohol from molasses, where the prices are controlled by the government, is Rs.3 per litre, that from alternate sources works out to about Rs.12 per litre.

Proposal rejected. The CIA wants the government to divert at least 70 per cent of the alcohol produced from molasses to industries. It also wants the government to rely on the alternate sources for potable purposes.

In 1990-91, 24 million litres of alcohol was diverted for potable purposes. The projected figure for 1991-92 is about 41 million litres. The government has rejected this proposal outright. "If the state-produced liquor had to depend on non-molasses alcohol, revenue would drop by 65 per cent. Indeed, it would defeat the primary objective behind the lifting of prohibition," says a senior official in the state government.

Chemplast, the largest user of industrial alcohol in the state (about 37.5 million litres a year) is dealing with this problem by importing a substitute product, ethyl dichloride (EDC) to feed its PVC plants. The present foreign exchange crunch is bound to affect the flow of the import substitute.

However, everyone points out that the situation is much better in Tamil Nadu than in the other southern states. "In Andhra Pradesh, 90 per cent of the alcohol is diverted for potable purposes and in Karnataka 85 per cent is used thus. We are now fighting only to prevent our state from going that way," says Panicker.

The state government expects a 200 per cent increase in the sale of liquor over the next eighteen months. This would in effect mean that the entire alcohol produced would be diverted to the liquor industry. And the alcohol-based industries would be left totally high and dry.

■ A.S. PANNERSELVAN

DAIRIES

In a bind

In November 1990, the government of Maharashtra had issued a notification to all cattle shed and stable owners stating that the city of Bombay and its suburbs were prohibited areas under the Maharashtra Transportation and Keeping of Cattle in Urban Areas (Control) Rules of 1976. But, neither did the owners heed the notice nor was any action taken against them. Now, again, Anantrao Thopte, the Maharashtra dairy development minister, recently announced his decision to make all private cattle sheds and stables shift from Bombay and its suburbs to Dapcheri in the Thane district.

These two were not the first instances of such notices being issued. As far back as in 1949, the government had first asked the owners to shift from the main city to areas beyond Mahim. The owners then settled in lesser developed areas like Andheri, Jogeshwari and Goregaon. In



Cattle sheds: owners have reservations about shifting

1962 again, the idea of shifting the cattle ranges was mooted. However, the actual orders for the shift came only during the tenure of chief minister Shankarrao Chavan in 1976. But these were cancelled by Vasantdada Patil in 1977. The matter was once again raised by the government in 1983. The proposal this time was to build a dairy estate in Dapcheri, similar to the Aarey Milk Colony. But before the matter could progress, it was stalled due to the change in government.

Large scale protest. The government's recent move has evoked large scale protest among shed owners. Many feel that it is unfair since a shift to a remote area like Dapcheri would destabilise their existing business. There are 3,139 licence holders in the city who have 1,238 stables with over 75,000 animals.

Although the stable owners have, in principle, accepted the current notification, they have some reservations about the new site. Says a member of the 975-member Bombay Milk Producers Association, "It's not possible to shift the animals immediately. The process could take days. Secondly, we don't know whether the animals will adjust to the new environment."

According to Sulaman Saleh, secretary of the association, with only water and electricity provided by the government, owners would have to construct their own sheds as well as build housing for workers. This means that each member must come up with Rs.4 to 8 lakh soon.

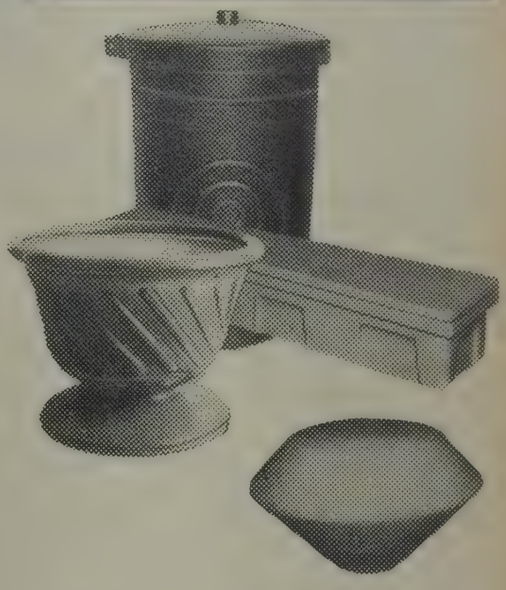
However, J.D. Jadhav, secretary to the government for animal husbandry, dairy development and fisheries, feels that the owners are exaggerating the problem. He says that the government is willing to extend full support to the owners to help them settle into the new area quickly, as well as provide lay-outs for the construction of sheds. The government will also provide financial assistance for construction activity.

Elaborating further, Jadhav says that the government would also provide legal assistance to the owners. The latter, in turn, will be required to sign agreements with the Dapcheri Dairy Estate stating that the land would be used only for dairy development and not for the construction of farm houses or holiday resorts.

Crucial question. Apart from these basic problems, the crucial question before the owners is how to transport the raw milk to the city. With Dapcheri being located 150 km away, it could take over four hours to reach the city. By that time the raw milk would surely curdle. The only way around is to pasteurise the milk at Dapcheri itself.

Here the government showed initiative and foresight. In anticipation of a shift from Bombay, and following upon the 1983 proposal, it has already set up a co-operative at Dapcheri, the Dapcheri Milk Estate, with modern dairy processing facilities. Owners who move to Dapcheri can avail of its services. This not only solves their problem with curdling but also strengthens the co-operative. Besides, it is in tune with the government's stand that dairy development is a rural occupation and must remain so. Says Jadhav, "The owners are under no compulsion to give their milk to the estate." In reply, Mohammed Qazi who owns over

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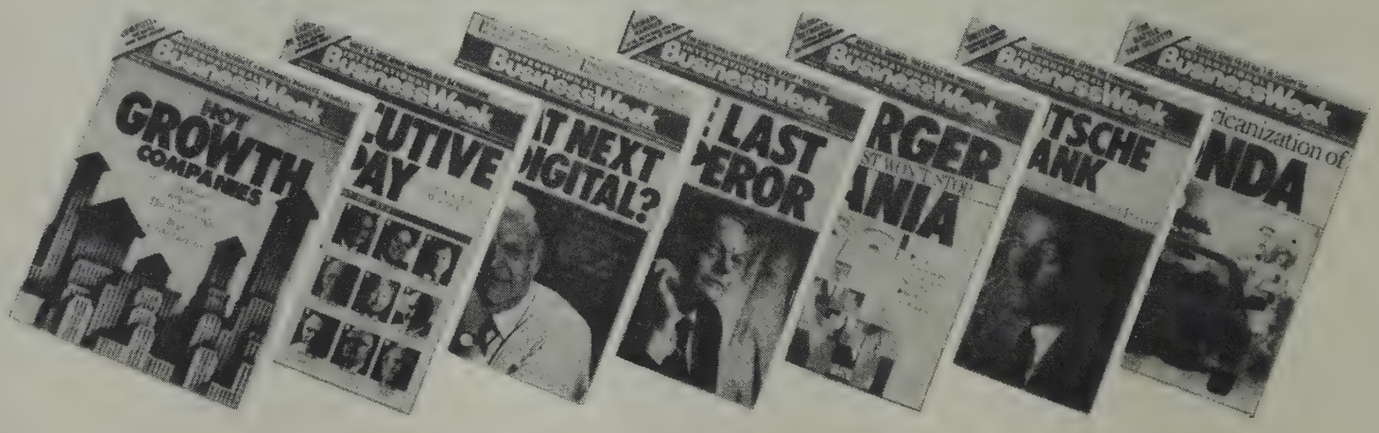
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100 animals, says, "We are left with no choice. Either we risk bringing it to the city or give it to the dairy."

As Dinshaw Nariman of Parsi Dairy Farm points out, "Bombay requires over 3 million litres of milk a day. Of this private milk traders supply over 1 million litres, which gives them a daily turnover of Rs.95 lakh." Small wonder then, that the cattle owners are in a bind. If they oppose the government, they will face charges for illegal occupation of land. And if they shift to Dapcheri, their hold on a large share of the milk market in the city becomes shaky.

■ MAHIRA SHEIKH

LEATHER

Discord at the CLE

Ever since its formation on 26 June 1984, the Council for Leather Exports (CLE) has maintained a sober front. Impervious to the rulings of scandals and rumours, the CLE has kept a watchful eye over the growth of leather exports. However, in early March this year, the Leather Industry Protection Committee (LIPC) — a Madras-based association of leather exporters claiming a membership of 200 — chose to rake up the issue of elections to the committee of the CLE. "Elections to the council have not been held since its formation," alleges K. Sanaullah, honorary secretary, LIPC.

The CLE, which functions under the aegis of the ministry of commerce, was registered as a company under the Companies Act 1956. In June 1984, it was formed as a result of a merger of the Leather Export Promotion Councils (LEPCs) at Madras and Kanpur which were functioning as separate bodies. At the time of the merger, the government nominated a committee of administration consisting of 18 office bearers. M. M. Hashim, who had earlier served as chairman of the LEPC at Madras, assumed charge as chairman of the CLE.

For genuine exporters. Thereafter, when the time for elections drew near around 1985, Taj Leather Exports, a Madras-based firm, filed a writ petition in the Madras high court, challenging the articles of association of the council. The problem related to the fact that members with an export turnover below Rs.3 lakh were not given voting rights. "The intention was to maintain the CLE as a forum for genuine exporters. The figure of Rs.3 lakh is peanuts in leather exports," explains Hashim.

Obviously the view was not shared by the entire fraternity. The writ challenges this discrimination, explains Shafir Ahmed, managing partner, Taj Leather Exports. Whatever be the intentions of the writ petition it has ensured that elections have not been held to the council. The question of franchise to members affects the election process itself. "Elections have been stayed on account of nonresolution of this issue," explains Hashim. And the wheels of justice have moved slowly.

The CLE has been discussing the issue at its meetings periodically. In May 1989, the committee decided to communicate



Hashim: an exemplary spokesman

to the government that "it would not be possible for them to continue carrying on the management of the council beyond 31 December 1989." CLE suggested that the government should initiate urgent measures to get the petition pending before the Madras high court disposed off expeditiously. The office bearers even toyed with the idea of resigning *en masse*. But legal opinion established that this would amount to contempt of court, says Hashim. He predicts an early solution to the issue since the petitioner seems willing to withdraw the writ petition against the council. On the other hand, Shafir Ahmed denies any intention to withdraw the petition. And so, the stalemate continues.

The only solution is for the authorities to intervene and sort out this problem. Even the LIPC admits that Hashim "has been an exemplary spokesman for the industry," but still there are signs of discontent. The issue of extending the date for the enforcement of a quota system for finished leather brought some of this discontent out into the open. Sources in CLE, however, question the authenticity of the LIPC as representative of the industry.

Allegations were made against committee members for "not representing the views of the finished leather fraternity adequately" and then came the plea for changes. The leather industry totalled up exports of the value of Rs.2,030 crore during 1989-90. "Several of the entrepreneurs have acquitted themselves creditably and it is time others got an opportunity to serve on the committee," says Sanaullah. Clearly the issue cannot be swept under the carpet much longer.

■ DHARANI K. PANI

GULF FLIGHTS

Business as before

The Gulf war took a toll of business all over the globe. But, perhaps the visibly worst affected was the airline industry. Rising fuel prices and disrupted flight schedules translated into plummeting passenger loads. Thanks to Saddam Hussein, 11,000 flights were cancelled worldwide, putting 51 airlines of the International Air Transport Authority (IATA) to a whopping loss of $1 billion in January alone.

In India, the industry is taking stock of its losses and slowly returning to normal. Air India suffered a loss of Rs.200 crore due to the war. This does not include the expense of 466 sorties to airlift 1,20,000 Indians out of Kuwait. Says Jitender Bhargava, chief public relations manager, Air India, "We are now flying as per our announced schedules, and everything should be normal by 1 April." However, he says, Air India is flying at only two-thirds its capacity to the Gulf region. This, according to him, is because people are as yet reluctant to head Gulfwards.

Different picture. The picture is altogether different for most other airlines, which are reporting a rush for seats. At Saudia's office in south Bombay the queue begins to form as early as 7 in the morning. By noon, there is a 500-strong crowd which has to be controlled by security officers. The airline suspended operations in the second fortnight in January

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and resumed its normal service of nine flights per week in February. A Saudia spokesman says that seats are available only for end-April.

Gulf Air, too, which operates 26 flights out of Bombay to the Gulf is now flying full loads. Says R. Thomas, a sales executive with the airline, "While there was a significant drop during the war our seats are now full."

Cathay Pacific, which stopped all its Gulf flights for a week each in January and February, coinciding with the beginning of the ground and aerial wars, was back to normal schedules by March. According to Dominic Purvis, marketing manager (India), "We are doing better than we normally do. Load factors are 85-90 per cent these days."

Emirates flies directly only to Dubai from India, and continued to do so during the war. In fact, due to the cancellation of flights by other airlines, this was one airline flying chock-a-block even as the missiles were heading for their targets.

British Airways reported that business was down by 20 per cent during the war, but expects its summer schedule, starting April, to be on course.

With the anticipated boom in reconstruction in the Gulf, the airlines can expect a bumper season, not just from India but also from South East Asian countries like the Philippines, Malaysia and Thailand. Ironically, then, after contributing to the original malady of the airline industry, the war might now contribute to its cure.

■ SARAH ABRAHAM

STAR SHOWS ABROAD

Unglamorous methods

In a recent investigation, Enforcement Directorate officials interrogated seven film stars in connection with alleged *havala* transactions. These stars had reportedly accepted Rs.9 lakh each in advance for shows they were slated to perform abroad. The officials say the deal was carried out by one Dhimant Mulchand Doshi who paid part of the amount here, having obtained it through *havala* channels, in violation of the Foreign Exchange Regulation Act (FERA).

During a similar major investigation conducted in November 1990, the Enforcement Directorate officials had nabbed Ravindra Sony, an American green card holder. At that time, as many as 15 film stars were interrogated and ultimately charged. The film stars admitted to having accepted amounts varying from Rs.25,000 to over a lakh each through *havala*.

Legal channels. Officials from the directorate point out: "We aren't bothered about the amounts they receive. But only want them to register it through legal channels and produce a inward remittance certificate."

Film star Jeetendra, for example, has recently legally signed an agreement for doing six shows abroad at Rs.50,000 each. He has declared an additional income of Rs.3 lakh and paid the necessary tax. By signing an agreement like this, the star not only makes the proceedings legal but also receives a 75 per cent tax rebate on their total free. The same could apply to all.

The reasons why stars do not do this are many. More often than not, such shows are not put up by registered professional organisers. That itself creates legal problems and arrangements per force have to be informal. For example, Amitabh Bachchan recently toured London, New York and Africa on such an informal arrangement. And he did not go alone; he had convinced a few others, like Anupam Kher, Govinda and Sridevi, to join him for the shows. So one can well imagine the kind of money involved.

After the primary work is done, the fee is decided and the mode of payment is discussed. A certain amount is paid in advance to convince a star to do a show. It is this amount that many film stars accept through *havala* to avoid legal hassles and taxation.

After this, each film star receives several other benefits. These include a first class or executive class air ticket (depending on the popularity of the star), reservations in one of the best hotels, pocket money for shopping, as well as payment in kind. In addition, an extra ticket is provided to whoever accompanies the star. Quite often, a star ensures that the show coincides with a holiday. Again the expenses, including shopping, are taken care of by the organisers.

Earlier, stars could get away with this. However, the recent crackdown has shown that the government is not in the mood to allow this to continue.

■ MAHIRA SHEIKH



Courtesy Showtime

Jeetendra during a show abroad: legal rarity

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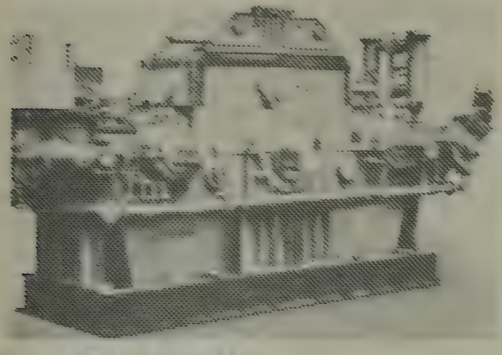
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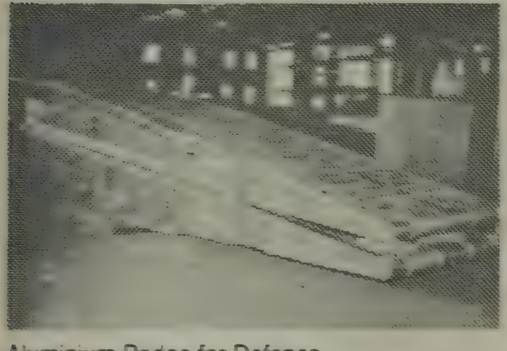
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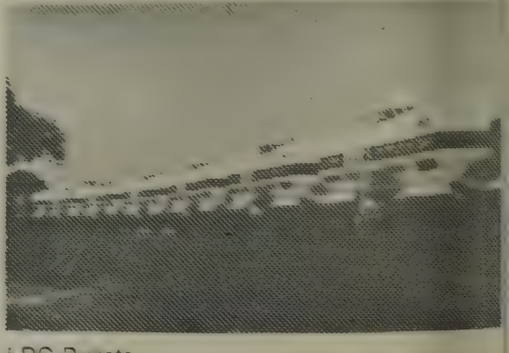
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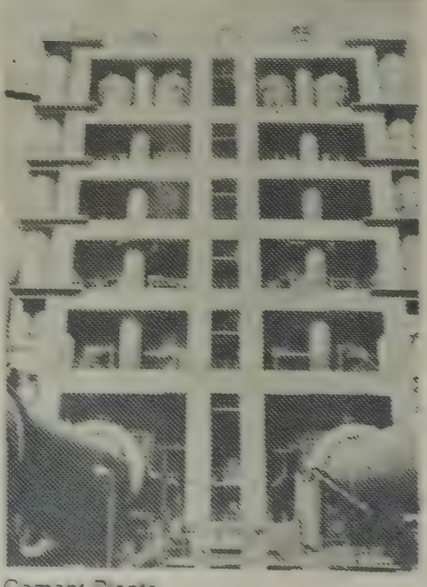
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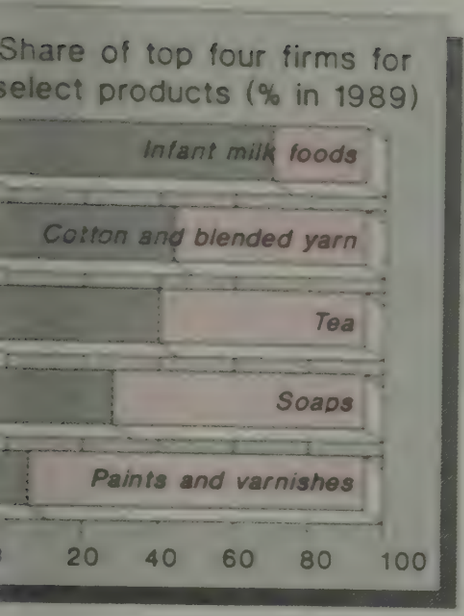
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Concentration — by default or design?



The fiscal year 1990-91 will be remembered for its multiple events both domestically and internationally. In the domestic sector the Mandal Commission agitation disrupted trade and industry. On the international front the Gulf crisis put a severe strain on the balance of payments and foreign exchange reserves which are still being felt, despite the IMF loan. While agricultural production this year [illegible] is expected to be a record 179 million tonnes, industrial growth is expected to slow down to 7.5 per cent, as against 8.3 per cent last year.

Even though there has been a general decline in industrial production the industry that has been hit the hardest is the automobile sector. In the first nine months of 1990-91 production of cars and jeeps was down 1.6 and 4 per cent respectively. Nevertheless, despite certain infrastructural constraints the underlying trend is not as dismal as it sounds. This is because Indian industry has matured over the years and has become competitive and more responsive to market needs.

This is largely the result of the liberalisation process initiated in the early eighties. Measures such as broadbanding, minimum economic scale of production, nationalisation of tax structures, change in the exim policy and the partial withdrawal of controls on the closure of unviable units have facilitated industrial growth. Certain industries like cement and aluminium were brought out of the ambit of price and distribution controls.

Higher industrial production

The impact of the liberalisation measures have manifested in higher production. The index of industrial production during 1985-90 grew at an annual average rate of 9 per cent per annum, as against 5.7 per cent per annum between 1966-80.

However, one of the avowed aims of liberalisation is to increase competition. But a study on the sale pattern of market shares of over 350 industrial products prepared by the Centre for Monitoring Indian Economy reveals that the number of industries with a high market concentration increased between 1987-88 and 1989-90. This concentration is especially high in intermediate industries like chemicals and non-ferrous metals, but low in consumer non-durable products like food and clothing. In 1987-88 about 76 per cent of the industries surveyed had a concentration ratio (the share of the top four firms in the total market for an industry) of more than 50; but in 1989-90 this went up to nearly 80 per cent of the industries surveyed.

The study reveals that " the chemical industry has a very high degree of concentration particularly in organic chemicals, polymers and man-made fibres. In most of these industries the top one or two companies account for nearly all the production. Of the 47 chemical products for which concentration ratios were worked out, 32 were found to have a concentration ratio of 100. Only one product was found to have a concentration ratio of less than 50 per cent".

Share of top firms

Also, market concentration is found to be high in non-ferrous and transport equipment industries, where the top four firms account for nearly 100 per cent, as in the case of aircraft, medium and heavy chemical industry, passenger cars, jeeps, motorcycles, three wheelers and piston rings. Of course, in practically all the cases the top company accounts for over 50 per cent of the production. Even though concentration is high in the non-electrical machinery industry there is more equitable distribution between the top four companies.

Industries that show less concentration are mainly consumer non-durable products like sugar, vanaspati, vegetable oils, tea, fabrics and garments. Consumer durables, like electric fans, dry cells, televisions, mopeds and bicycles show a high concentration ratio.

The study clearly reveals that Indian industry has yet to see true competition and that the process of liberalisation should be stepped up if more and more companies are to emerge, thereby reducing the concentration ratio. Much will depend on the direction the industrial policy takes and what the government envisages as the role of the public sector.

To the average person, 3 of them will not survive.



To a Lion, they will all live to see the future.

Every 20 seconds, 3 Indian babies fall prey to measles, polio, tetanus, tuberculosis, diphtheria and whooping cough.

Simply because of lack of proper immunisation.

Which if neglected, could cause complications leading to blindness and death.

What we need is a nation-wide health programme. To emphasize the benefits of timely immunisation.

Like the 'Measles Minus' programme conducted by the Lions.

A task that needs dedication and concentrated effort. And above all, single mindedness of purpose. To gift health to millions of babies.

But not all understand this.

That's why it has always taken a special kind of person to be a Lion.

Special men and women who share a common concern. A concern for the society in which they have succeeded.

Who realize that beyond the achievements of everyday life is that most elusive object: inner satisfaction.

And who have come together to touch the lives of others less fortunate than themselves.

Needless to say; people like these aren't many.

After all, if everyone in the world had the vision of a Lion, there wouldn't be an average person.

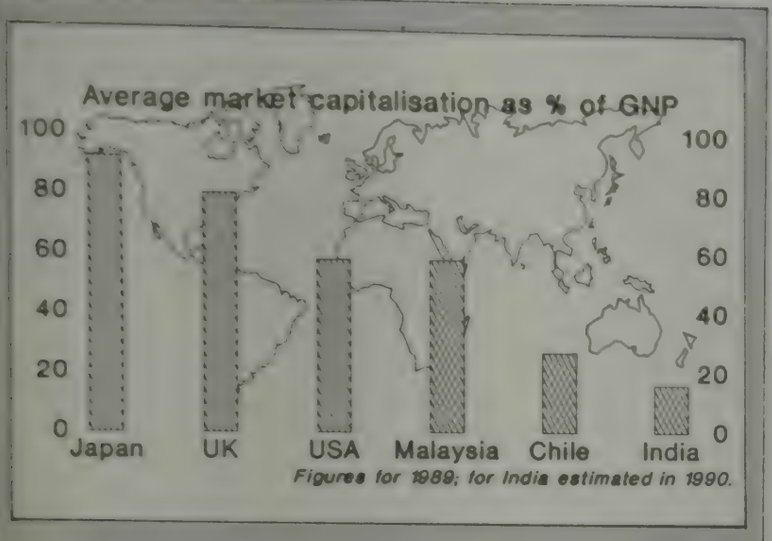
Millions of people make up this world. But just a few shape it.

LIONS CLUBS INTERNATIONAL

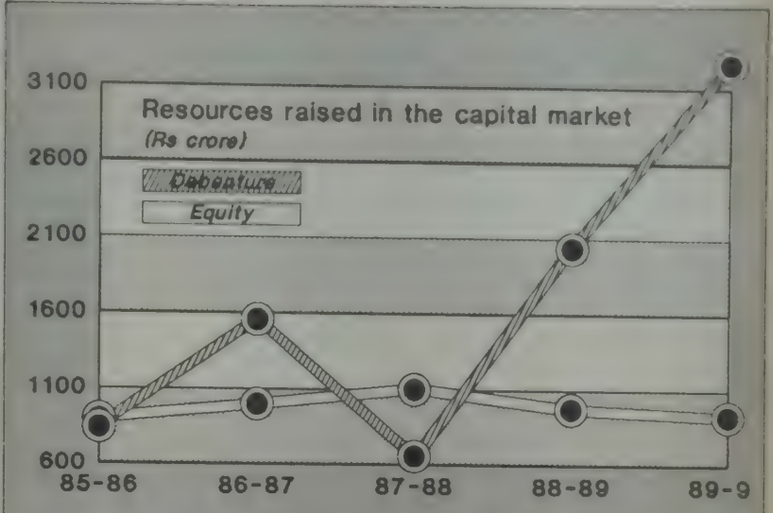
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Average market capitalisation as a percentage of GNP was around 15 to 16 per cent in 1990. The figure for Singapore is over 100 per cent, while for Japan and the UK it is 92 and 80 per cent respectively — which means that India has a long way to go. Even developing countries like Malaysia and Chile have market capitalisation ratios far in excess of India's.



The Indian capital market, which had been lying dormant in the 1970s, has experienced a remarkable boom in the 1980s. Resources raised have increased from Rs.164 crore in 1980 to Rs.6,000 crore in 1989-90. The bulk of these are through the issue of debentures.

Wholesale price index: The wholesale price index for all commodities was marginally up (0.47 per cent) during the month under review. In the index for primary articles, the index of fibres was up 4 per cent.

(1981-82=100)

	2 Mar '91	2 Feb '91	3 Mar '90	% change over Month	% change over Year
All commodities	190.4	189.5	169.5	0.47	12.33
Primary articles	195.9	195.1	166.2	0.41	17.87
Manufactured products	187.8	186.9	173.6	0.48	8.17

Money and Banking (scheduled commercial banks): Broad money (M3) was up nearly 3 per cent in the month ending 22 February 1990. This had a cascading effect on aggregate deposits and bank credit which rose by 2.2 per cent and 2.9 per cent respectively. Food credit during the same period was up 6.5 per cent.

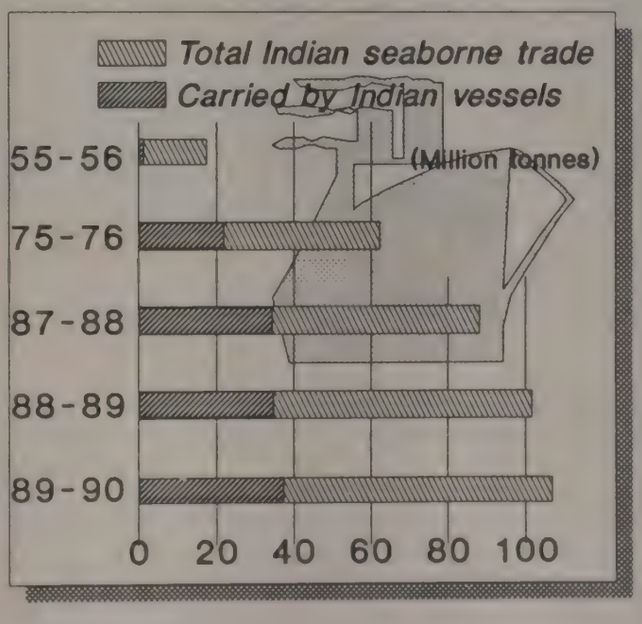
(Rs crore)

	22 Feb '91	25 Jan '91	23 Feb '90	% change over Month	% change over Year
Broad money (M3)	2,60,597	2,53,023	2,26,082	2.99	15.26
Aggregate deposits	1,88,920	1,84,824	1,64,148	2.21	15.09
Bank credit	1,12,191	1,08,935	97,572	2.98	14.98
Food credit	4,613	4,330	1,974	6.53	133.68
Credit/deposit ratio	59.39	58.74	59.44		

Bullion prices and stockmarket index: Both gold and silver were down by 3.9 per cent and 1.6 per cent respectively in the month up to 25 March 1991. The BSE index though up last year, reacted bearishly to the uncertain political situation.

	25 Mar '91	22 Feb '91	25 Mar '90	% change over Month	% change over Year
Gold (Bombay)	3,399	3,538	3,465	-3.9	-1.90
Silver (Bombay)	6,708	6,818	6,768	-1.6	-0.89
BSE index	1,156.46	1,179.3	757.8*	-2.0	52.30
(1978-79=100)					
27 March 1990					

Price of gold is in rupees per 10 gms and silver in rupees per kg



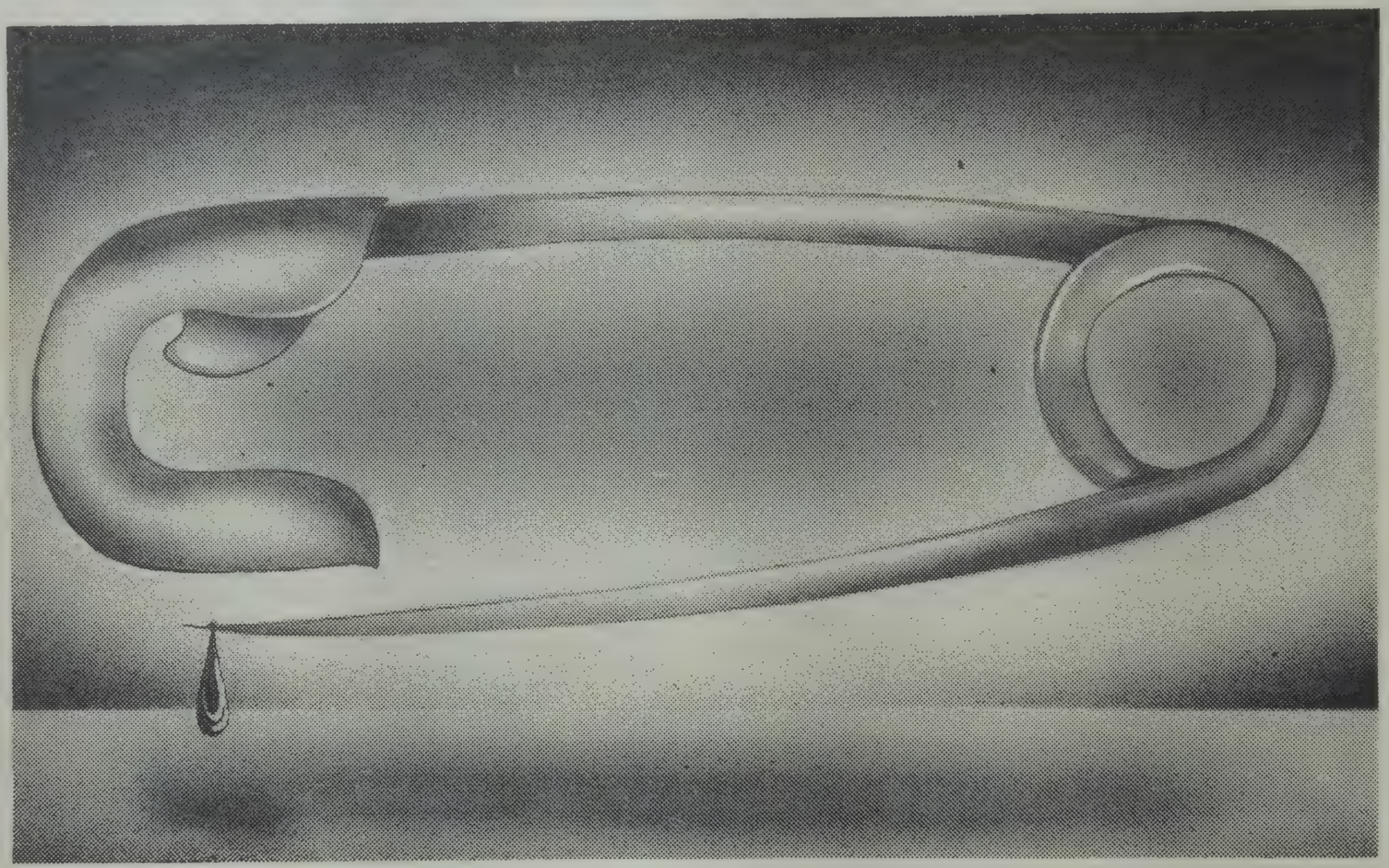
Shipping

The shipping industry has grown significantly since independence, from around 193,000 GRT (gross rated tonnage) on the eve of independence to around 6.06 million GRT as on January 1991. Total capital employed in shipping in 1988-89 was around Rs 4,000 crore. For the same year, freight and charter earnings stood at Rs 1,335 crore.

Seaborne trade

There has been a steady increase in India's seaborne trade over the years. For instance in 1955-56 traffic carried by Indian ships totalled 1.13 mt (million tonne) which was 6.5 per cent of total overseas traffic. This rose to 21.76 mt in 1975-76 and crossed 37 mt in 1989-90, around 35 per cent of the total global traffic. India's overseas seaborne trade is expected to increase to around 148 mt by 1994-95. While coastal seaborne trade is expected to increase from 22 million tonnes in 1988-89 to 48 mt in 1994-95, the strength of the Indian fleet is expected to go up from 9.86 million DWT on March 1990 to 14.89 million DWT by the end of the Eighth Plan.

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Claims for compensation by the affected end user could be astronomical to cripple your company financially. In fact, liberal product liability claims are common abroad, amounting to millions.
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Food products, pharmaceuticals, tyres, chemicals, petrochemicals etc., may all have been manufactured under strictest quality control standards. Yet, one cannot rule out the possibility of the product causing injury or loss of lives and damage to property.

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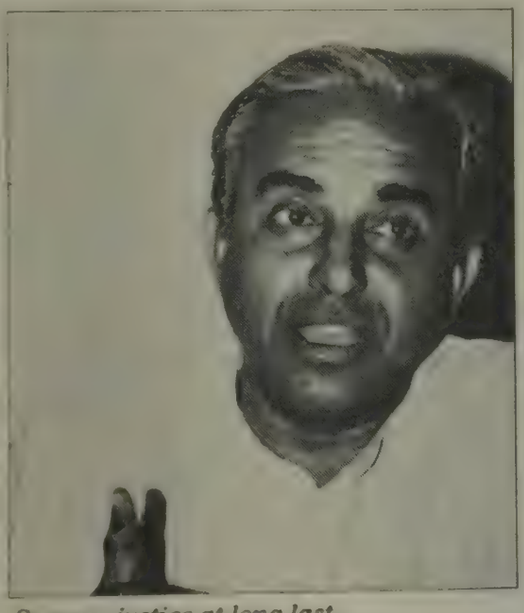
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Smart bureaucrats

Bureaucrat-baiters, eat your words. The mandarins in Union ministries are no less adept at business or getting around edicts than the enterprising citizen. In this year of cuts on avoidable or postponable ministerial expenditures, they have found ways to exhaust their budgeted funds (which lapsed on 31 March). For example, while cars cannot be bought, by a government *diktat* photocopiers are not taboo. Advice from the smart salesman from Modi Xerox has come in handy for those who were faced with the ignominy of failing to spend the annual allotment, and the year is ending at a sweet note for them as well as the company after all.

Reinstated Swamy

Some days ago, commerce minister Subramaniam Swamy received a letter from the director of the Indian Institute of Technology, Delhi. It directed him to report back for duty within three days. No, the IIT boss was not asking Swamy to report back for duty at Udyog Bhawan, but at the IIT where Swamy was a professor before he was sacked in December 1972.



Swamy: justice at long last

Last fortnight, Swamy, who also holds additional charge of the law and justice portfolio, ultimately got justice when the Delhi civil court upheld his contention that he had been sacked in contravention of the law. The letter of the director, IIT, was a sequel to this judgement.

Interestingly, Swamy's case was fought by none other than his better half, who is a lawyer. But it has taken 18 long years for the tortuous battle to come to a conclusion. Swamy is, of course, not going back to his old job. "Now I would rather be a politician than a professor," he says. But the judgement does mean that he will not be entitled to collect the backlog of arrears of salary (from 1972-91).

Rail tales

Officials of the Railway Board are hopping mad these days. And the ones that are driving them up the wall are railway minister Janeshwar Mishra and his minister of state, Bhakta Charan Das.

A few days ago, Mishra forced railway officials to pass a proposal to stop the Howrah-Delhi Rajdhani Express at Allahabad, the constituency he represented in the lately dissolved Lok Sabha. And now, he is trying to bulldoze the bureaucrats to introduce 52 additional halts for different trains in India. Officials estimate that this will lead to an additional cost of Rs.1 crore annually, since each halt means that trains have to reduce speed before they stop, involving additional fuel costs. Also it throws the whole system out of gear, the number of lines being limited.

Mishra has been briefed about all this, but is unrelenting. "Carry out my orders," he says. But this is not all. A little while ago, Mishra allotted a few rakes to a certain party, ignoring the claims of earlier indenters and the advice of his officials. But here he had to eat crow, because the parties he had ignored went to court and got a stay order.

Das, who recently discomfited passengers aboard an IA flight by forcing it to make an unscheduled halt at Ahmedabad, is also bothering railway officials. He wants to award contracts for kiosks in different stations.

The budget that was not to be

Now that the vote on account has been passed and the government has also fallen, what did the budget which was ready but never presented actually contain?

Those who framed the budget — the political leadership and bureaucrats — are still not talking, but reliable sources suggest that it contained taxation proposals amounting to Rs.4,000 crore. What is worse, this was sought to be raised by an across-the-board increase in taxes, with the potential of affecting practically every section of society. According to one who was privy to the budget, the increases were arbitrary and any goods on which taxes had not been hiked for the last 2-3 years was targeted by the finance minister. Obviously with this sort of budget, the Congress (I) could not go to the polls in Tamil Nadu.

Are Oswal's trying times over?

Abhey Oswal's Bindal Agro Chemicals has finally been awarded the capital goods import licence that was holding up the progress of its Shahjahanpur fertiliser project. Over the last year Bindal has seen some trying times. The V.P. Singh government had revoked Shahjahanpur's letter of intent granted by the Rajiv Gandhi government in August 1989 which was revalidated by prime minister Chandra Shekhar.



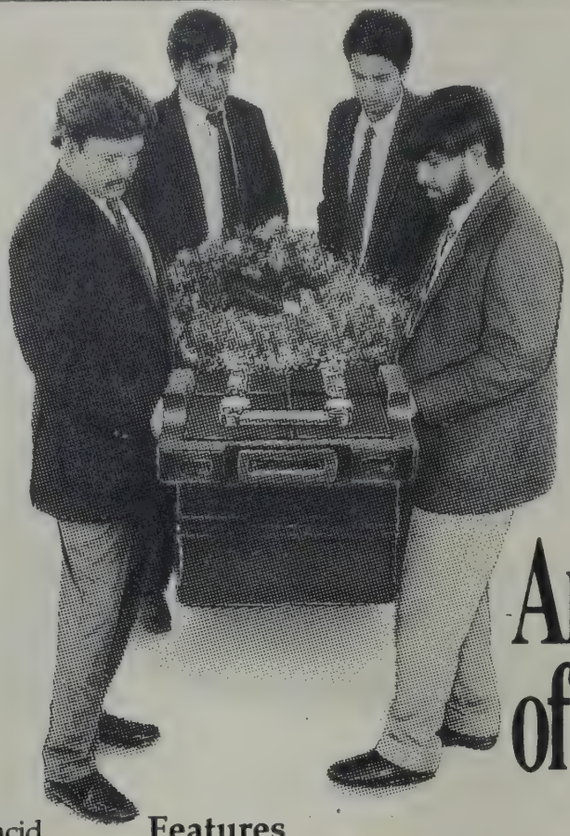
Oswal: turn for the better

Nuclear trouble

The co-operative fertiliser company, Krishak Bharati Co-operative Limited (KRIBHCO), which completed its fertiliser project ahead of schedule, was chosen by the department of atomic energy to execute its heavy water plant in Gujarat. This project, however, has run into problems with its technology supplier, the American firm Kellog, which supplied technology for KRIBHCO's ammonia plant at Hazira.

The company has reportedly refused to supply technology as the heavy water facility can be used to develop nuclear warheads. That India is not a signatory to the nuclear non-proliferation treaty has also made the technology transfer uncertain.

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CONGRESS(I)

Reaching for a new vote bank

Since the last Lok Sabha elections which took place just fifteen months ago, events of such import — like the Ram temple episode and the Mandal agitation — have taken place that the traditional vote bank of the Congress(I) consisting of Muslims and Harijans has been considerably eroded. Faced with this reality, Rajiv Gandhi and his coterie of advisors (which include a former newspaper editor, a top government official, and the head of an advertising agency) are busy finalising a strategy that will overcome this problem.

According to sources, Gandhi and his advisors have been working at a solution, which takes into account certain ground realities (missed by other parties, by and large), and arrive at a winning strategy — in addition to the projection that the Congress(I) can provide the only stable government in the country. Said one of Gandhi's advisors, "Various parties (this includes the Congress too) have viewed constituencies from the angle of caste and community until now and completely overlooked the economic angle. Our belief is that there is a disposable income group (DIG) in each constituency which cuts across caste and community lines. No one has lent a thought in this direction. This group should be targeted as a vote bank in each constituency."

Changed perceptions

Gandhi believes that, over the years, the whole demographic profile of the country has changed. The number of the poor in percentage terms is less today than at the time when the powerful *garibi hatao* campaign of 1971 was unleashed. Says a Gandhi aide, "You can't deny that the savings and investments made in this country is one of the highest in the world. Consumerism has made its advent into rural areas. You find companies like Hindustan Lever and Usha International hawking their products in remote villages. This is part of an ongoing economic process which has instinctively been grasped by the Congress party and no one else."

It is also Gandhi's genuine conviction, sources say, that economic issues cannot be confused with political issues. According to Gandhi, this economic momentum should be realised and not frittered away on caste and religious vote banks as is the practice with some parties. Comments the advisor, "Till recently, we were a model for growth for the world, but today it is no longer so. This message will also be incorporated in our campaign."

But can this entire thought process be packaged and made attractive to be a vote catcher? Says Rajiv Desai, chief of Indian Public Affairs Network (IPAN), "I do agree that the only way out is a high rate of industrial growth, but the hitch is that promoting economics does not sell as a campaign strategy. The political culture is based on the premise that there is a large number of poor people here, on whose back one should ride. In other words, the vote catchers have a vested interest in promoting the poor. The strategy of the Congress(I) is one which is based on an appreciation of this change. One does not know how many realise this."

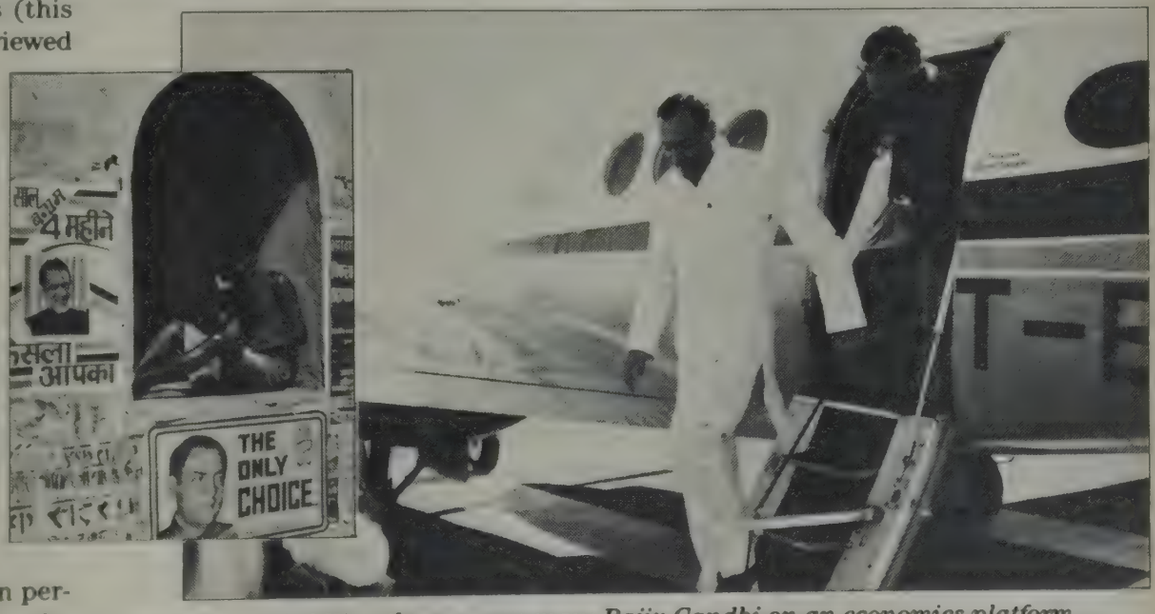
Even Congressmen are not too sure that determining the disposable income group is likely to move them in the direction of a winning strategy. As a senior Congressman says, "India is still a semi-feudalistic society where values based on religion and caste sell more strongly. Gandhi's strategy, being proposed by his whizkids is a model followed by developed countries and it is not likely to work in India, at least not now. Moreover, it takes years to cultivate a particular group. The time is not yet ripe for this. The only way to counter issues like *Ramjanmabhoomi* and caste-based reservation, rekindled by V.P. Singh, is to din into the minds of the masses the price of instability and the benefits of stability."

Unsure tactics

Members of other political parties scoff at Rajiv Gandhi's ideas. Says a BJP functionary, "If this is what he is planning, it means that Rajiv has not learnt from last time's experience. Such harebrained ideas do not work in India." Comments a Janata Dal official, "Can you really believe that this disposable income factor will raise more passions than Mandal? After all, we also have to appeal from an economic platform. We promise equality to all. It is nonsense to say that the percentage of the poor has decreased. In absolute numbers, the poor are increasing. There is great impoverishment and indebtedness in parts of rural India. You cannot brush it away by saying that they have access to consumer goods like soaps and lanterns."

Faced with this argument, Gandhi's advisor counters, "Well, may be the slogans seeking a stable economy to fulfil peoples' aspirations may not work in India, but nonetheless, the idea will sell. And as you would probably realise, stability at least lays down the conditions for economic growth. This will not be true, say, in the case of a slogan for the Ramjanmabhoomi episode, especially when it is combined with appeals for *roti* (food) and *insaf* (justice) in the way the BJP has attempted

■ KINGSHUK NAG



Campaigns befuddling the common man; Rajiv Gandhi on an economics platform

SUDHIR MULJI

The road to Lebanon



"The road to Lebanon" is the new buzz phrase to describe the sort of uncontrollable chaos that countries like Iraq and Yugoslavia are moving towards; India may not be that far behind. We have not suffered a disastrous military defeat, nor perhaps is our nationalist problem as corrosive as Yugoslavia's, but we are nonetheless in the middle of a first class balance of payments crisis bad enough to rapidly compound our other political and economic difficulties.

Perverse though it may seem, lack of foreign exchange is not our real problem. Even if we had possessed ten times as many dollars, we would still find ourselves in the same fix, for we would be sure to fritter away our resources in greater subsidies to some section or the other of our population. Nor is our problem one of waste; no one can honestly maintain that those who the government subsidises do not deserve it, on the contrary, if you have more than three hundred million people below the poverty line there never will be a dearth of those who deserve government support. But it is one thing to deserve and quite another to afford it. Our real problem is that we no longer have any self-correcting mechanism to assist us in reversing the extravagance of our masters. We have so thoroughly replaced the discipline of markets with the indiscipline of politicians that we do not know how to get out of the mess we are in.

It is one thing to deserve and quite another to afford it. Our real problem is that we no longer have any self-correcting mechanism to assist us in reversing the extravagance of our masters

The bureaucrats are no help. Their error is to be conned into supporting every silly pledge that the politicians unhesitatingly commit themselves to. The common man and the bureaucrat suffer from the great delusion, popularised by the series *Yes Minister*, that the politician sings to the bureaucrat's tune. That is entirely false; the relationship between the civil servant and the politician is better characterised by the story of the distinguished governor of the Bank of England who used to go regularly into the prime minister's office threatening to resign unless government spending was curbed immediately. The prime minister would entirely agree with the governor, promise that from next year the budget would be severely restrictive, but propose that at least for the time being the governor should support the increase in government expenditure "to strengthen the prime minister's hand in the future so that the governor's policy could be enforced"

No confrontation

These subtle blandishments may be characteristic of England, but in India, politicians are much cruder. A disobedient civil servant will either find himself being transferred to some remote district or worse still, facing a CBI enquiry for some obscure procedure that he has failed to observe. As a result, no governor of the Reserve Bank, no secretary to the government and least of all any public sector chief will dare to confront a minister, let alone the prime minister. Civil servants pretend they do; in private they all like to think that they have behaved like heroes in defending the right policies; but actually the role of the bureaucrat is to turn every absurd demand of a carpetbagging politician into a thoroughly reasonable, sensible policy.

If the reader believes this to be an exaggeration I will simply remind him of the time when I had warned that V.P. Singh's populist policy of cancelling rural loans would prove disastrous. There were many important civil servants who thought as I did, but no one could do anything about it. So the usual plan of deception was adopted; the expected losses were concealed by statistical fudges to make the policy look as sensible as an absurd whim can be made to look; but of course concealing the real deficits does not alter the reality, the price of folly has to be paid.

The cost of all this cheating is now coming home to roost; for as the poet says, "Oh what a tangled web we weave when first we practice to deceive"; it is this intricate attempt to hoodwink the public that is now rebounding against both politicians and bureaucrats. They have been preaching for so long that a controlled economy is superior to the uncertainties of markets that people are expecting miracles from them; but this time the authorities will not be able to find a solution, not even a bogus solution. All the gimmicks of the past that they are comfortable with are closing against them, even that rotten guardian angel of bad economic policy — the IMF — is not prepared, thank goodness, to bail us out. The game is up and the only policy left that might succeed is one that our bureaucrats have scoffed at and dare not try.

The role of the bureaucrat is to turn every absurd demand of a carpetbagging politician into a thoroughly reasonable, sensible policy

For, the only hope is to return to a market economy. What is more, in order to prevent the interference of politicians we need to be more rigorous in our adherence to markets than any ordinary western economy has been. To begin the process the very first policy decision we must make is to float the rupee, for the heart of the controlled economy lies in exchange and trade controls; once that mechanism of control is broken all the rest will follow.

The economic argument against abandoning controls is that it will lead to inflation; but the Indian economy is relatively well insulated in this regard. Essentials like food and clothing are domestically produced and would only be marginally affected by a sudden drop in rupee value. But the most reassuring fact is that the free or black market value of the rupee is only 20 per cent below the official rate. This does not indicate any dramatic flight of capital. In brief, if we take the risk of opening the economy there is every possibility that we will be able to get away with it, but if we do not we may find ourselves in Lebanon long before other fellow travellers.

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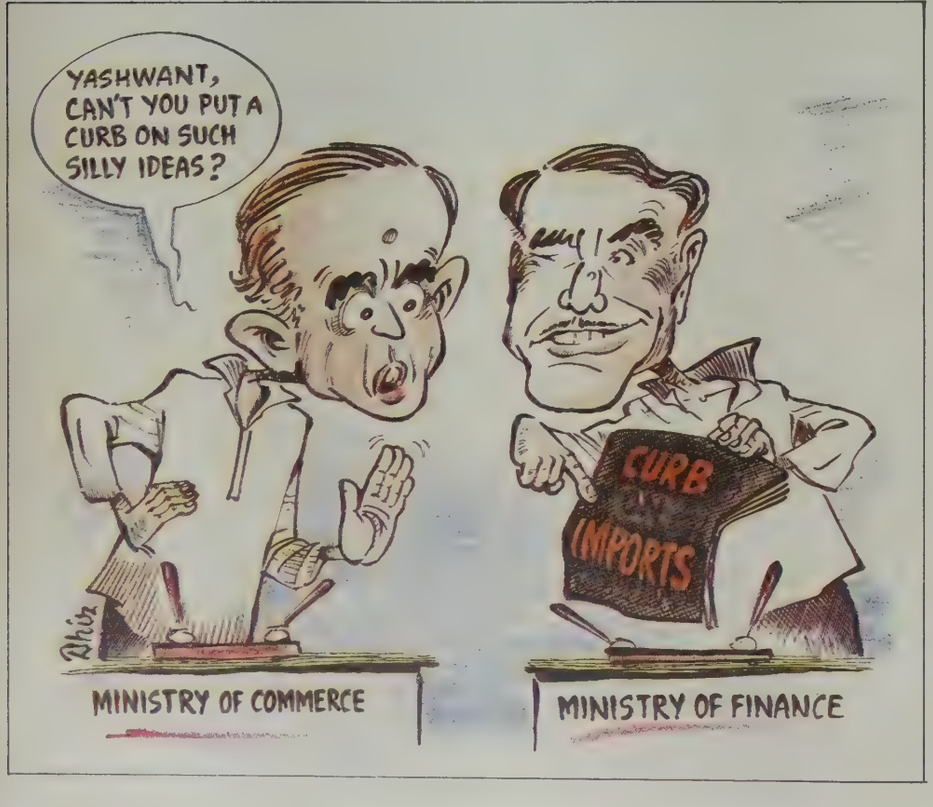
Lufthansa

The foreign exchange squeeze

India is currently experiencing a severe foreign exchange shortage. But the government's attempts to manage the crisis by clamping down on all imports, including those needed for exports, may well cause more damage to the economy

For the past few months, especially in the aftermath of the Gulf crisis, India has been going through a severe foreign exchange crunch. However, the squeeze has been obscured by the political uncertainty that has beset the country. But its existence was sharply brought into focus on 20 March when — at the behest of a panic stricken finance minister, the finance secretary and chief economic advisor to the government of India — the governor of the Reserve Bank of India, S. Venkitaramanan, clamped down on imports. In an effort to conserve foreign exchange, he announced a total ban on the import of capital goods (with the use of free foreign exchange), and imposed cash margins ranging from 50 to 133 per cent on the import of other goods.

Normally, a matter of such significance would have been brought up in a cabinet meeting. But at the meeting of the Cabinet Committee on Political Affairs (CCPA), on the day before the RBI announcement was made, there was no mention of this. What is worse, finance minister Yashwant Sinha and finance secretary, S.P. Shukla, did not bother to formally inform their counterparts in the commerce ministry, Subramaniam Swamy and Montek Singh Ahluwalia, about their proposal even though it directly affected matters under their purview.



Mockery of collective responsibility

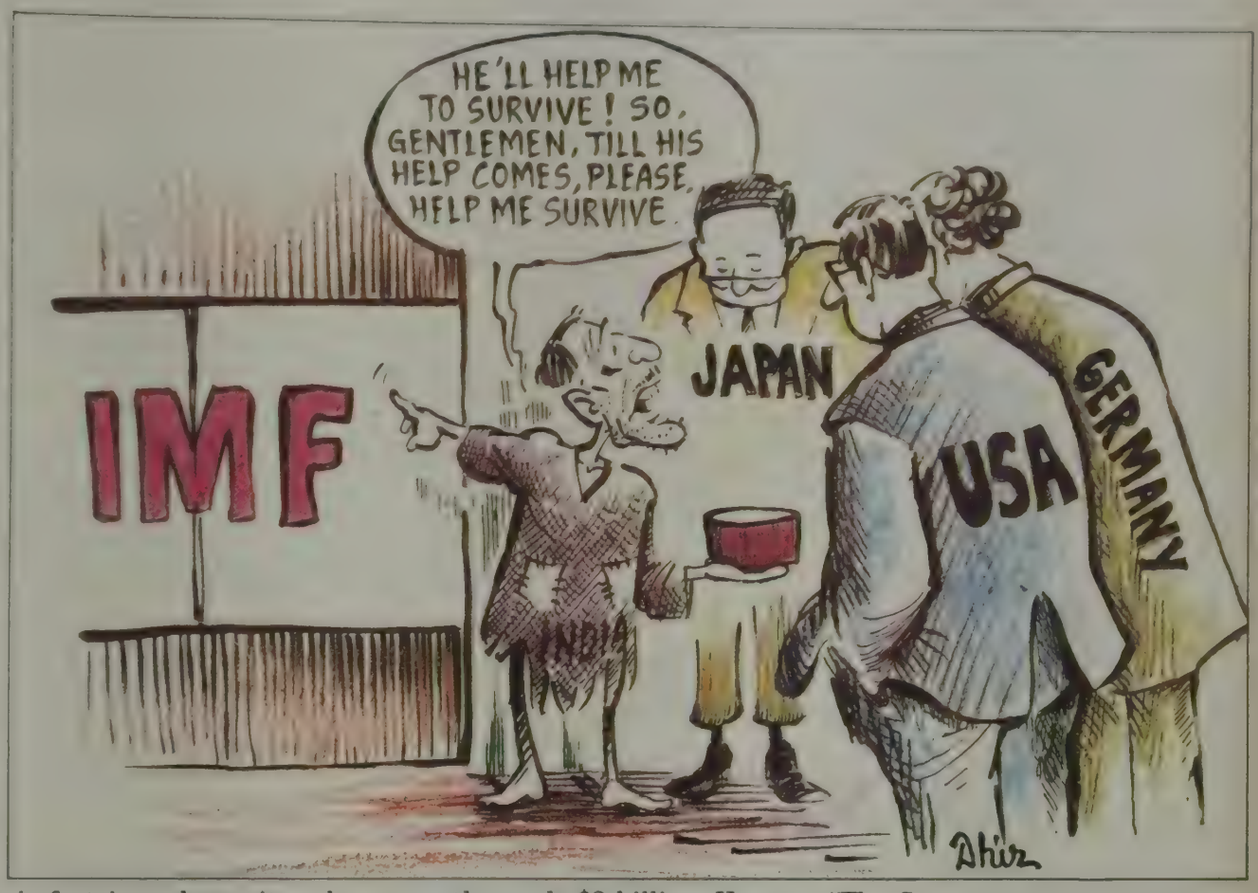
Sinha, with the traditional regulatory approach of a bureaucrat-turned-finance minister, was apprehensive that his move would not find favour with Swamy, who is known for his liberal views. As it turned out, Sinha had his way. But it was only at the cost of having the commerce minister severely indict the step the next day, in the process, making a total mockery of the concept of the cabinet's collective responsibility.

When contacted by *Business India*, Yashwant Sinha said, "What else could we do, there was no other way." And his deputy, Digvijay Singh remarked in a facile manner, "We had to act fast. With elections around the corner, ministers were planning to go to their constituencies. A decision had to be taken before they dispersed."

Surprisingly, a senior minister who was unwilling to become a party to the quarrel between the two ministries says, "The government should have remained cool. It shouldn't have panicked. This step has only compounded the damage done by Madhu Dandavate's repeated statements about empty coffers."

A bureaucrat of the finance ministry, however, justifies the step. He says, "We came to the conclusion that it was imperative to protect the foreign exchange reserves at their present level of Rs.4,000 crore. And we thought the last thing that we could afford to do was to default on our interest payments. So, we were forced to take tough steps."

He adds: "We were looking for an instrument that would be temporary and nondiscriminatory. Simultaneously, we wished to ensure that steps could be taken without a change in the present import regime." Though the increased margins on letters of credit (LCs) have caused problems,



they are a better bet than the alternative proposal to set up a committee that would have scrutinised each import application. For, if the stiff margins are unpalatable, such a committee would have been an unworkable proposition.

But this is no solace to most businessmen. Day-to-day operations in banks are now subject to enormous delays. And usually this delay is deliberate: an effort by banks to buy time before making any commitment. Many foreign banks in India have begun to politely refuse to open LCs as their parents are keen on bringing down the Indian risk on their portfolios. The latter have, in fact, issued unwritten instructions not to open LCs. To deal with this, foreign suppliers have quietly begun to get their Indian LCs co-accepted by banks abroad.

No need to panic

Over the past three months, it has become extremely difficult to borrow in the international commercial markets. And concessional aid has also been affected by the domestic political bickering. The Gulf war brought NRI remittances to nought, and the rise in oil prices caused a higher foreign exchange outgo. The result of this on the balance of payments was obvious: what is usually a rolling account, with both inflows and outflows, saw only the outflow of foreign exchange. However, knowledgeable circles are yet confident that India's problems are temporary and that it will be able to tide them over. Says M.J. Pherwani, chairman of National Housing Bank, "There is no need to panic. Our economy has the strength and resilience to come through this crisis."

Subramaniam Swamy talked to *Business India* in a similar vein. He said, "The situation is bad. But I don't share the finance ministry's view that it was imperative to cut imports. At present, when we are trying to boost exports, all that this measure is going to achieve is a lower level of disequilibrium than the present one." This is clearly not a desirable outcome.

Swamy adds that the move was particularly unwelcome because it had come at a time when he was planning to negotiate country-to-country loans worth nearly $2 billion. He says, "The finance ministry claims that nobody would give us loans. I totally disagree. I'm positive that the finance ministry has not seriously explored all the possibilities."

Sources in the government, however, say that the finance ministry had indeed made several efforts to raise finances from abroad. At the end of last year, when the crisis first started assuming dangerous proportions, North Block mandarins drew up a plan that included various proposals:

- raise bilateral aid from the Gulf countries,
- channelise private savings from the Gulf to India,
- increase external commercial borrowings from the western money markets.
- and accelerate aid disbursements from the World Bank and IMF which had already been cleared.

But due to the interplay of various factors, the plan was a non-starter. Also, it was a plan worked out by a few *babus* acting in isolation. It had little clarity and was largely unrealistic.

The country's poor diplomacy did not exactly make it a favourite with the rich Gulf countries that were being considered as sources of funds, either. And, as a senior official of North Block points out, foreign governments are now unwilling to give India overdrafts or any kind of a bridge loan quickly. "There are no short-cuts. We will have to go through the usual long process of consultations and negotiations," he says, explaining the finance ministry's position.

This bleak scenario is of recent origin. Till last

year, institutions like ICICI, IDBI, ONGC and SBI could easily pick up a couple of hundred million dollars from the international capital markets at just about any time they wanted to. Now, with two quick downgradings of India's credit rating by Moody's and Standard and Poor, two of America's premier rating agenices, Indian paper has overnight been downgraded — still investor grade, but only just. This has forced ICICI to shelve its Samurai bonds issue for the time being. None of the institutions want to go out at this time and return empty-handed. The risks of doing so, are obviously, quite large at present.



Credits cut

For example, SBI's banker's acceptances (which are usually used to finance imports like oil) have been cut. Out of its current facilities of about $3.5 billion in the US, SBI will lose $900 million of its acceptances shortly. In effect, India's reserves will thus drop by Rs.1,600 crore. Also, even a net foreign exchange earner like Air India has not yet been able to get credit for the four new Boeings it has contracted to buy for about $400 million.

International bankers, who had queued up outside the financial institutions and banks in India till last year, each one offering more attractive rates than the other, have now dropped India like a hot potato.

The decision to pull out of India is of course a direct outcome of the increased Indian risk. Says the Indian chief executive of a UK-based foreign bank, "I am in a peculiar dilemma of divided loyalties." On one hand, he is an employee duty-bound to keep his foreign employer fully informed of the Indian scene. On the other, he realises that if his bank withdraws its credit line on his advice, India will suffer. He says, "I keep to facts while reporting on India. But it feels like I'm on a tight-rope all the time."

Given these facts, the traditionalists argue that it is difficult to tell whose assessment, Yashwant Sinha's or Subramaniam Swamy's, is more valid. However, one important point must be noted. The finance ministry, by the very nature of its job, is concerned with the day-to-day management of resources. Therefore, it tends to have a short term approach to problems. The commerce ministry, on the other hand, has a medium term view because it concerns itself with matters of longer duration like the boosting of exports and the management of imports.

Yet, the fact that the two ministries do not share a common perspective to the problem is surprising to lay observers. Explains Kamal Morarka, the ubiquitous minister of state in the prime minister's office, "This is not the first time that the two have been in disagreement. And it won't be the last."

According to rough estimates by economists in both North Block and Udyog Bhavan, the present measures would save the country about Rs.800 to 900 crore a month. But in the long run, they would compress exports as their impact begins to tell on the entire industrial sector. Some of these effects have already begun to show.

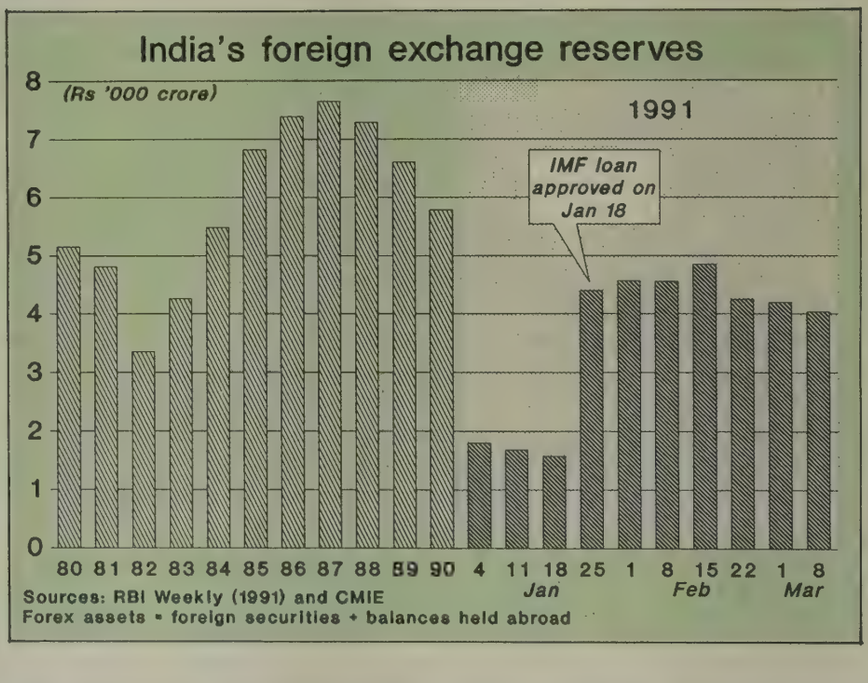
A bolt from the blue

In fact, for many small and medium entrepreneurs, the measures were a bolt from the blue. Many of them need to import machines for their projects and have now been left in a lurch. The irony lies in the fact that large projects comfortably financed with institutional loans, will not be affected as they have lines of credit available for their imports. And though sources in IDBI point out that the FIs will consider requests for imports of capital goods from smaller units on a case-by-case basis, the fact remains that there is little surplus foreign credit available with the institutions which can be diverted in this manner.

Even if the credit becomes available, small importers of capital goods will then have to pay a much higher rate of interest — between 20 and 23 per cent. This is against the 14 per cent interest on free foreign exchange that they had counted on getting from commercial banks.

According to analysts, a more sensible approach by the government could have been phased and selective. The RBI and the Controller of Exports and Imports could then have been told to be more selective with licenses and with finance. But capital goods for upgrading technology could have been allowed.

Analysts also point out that while imports will obviously be cut drastically by the current measures, import-linked exports would also suffer. "This sledgehammer way of dealing with the problem is idiotic," says a senior officer in the prime minister's office. Such wrangling between top policy makers is not unusual. In times of stress it just comes out into the open.



Says Kalyan Banerjee, chairman and managing director of the Export Import Bank of India, "The system cushions us. One does not feel the heat till there is a fire under the seat." But this approach obviously encourages blinkered and inconsistent policy responses. As a banker points out, the intention behind making even Rs.25 lakh worth of imports go through the RBI seems more to delay the foreign exchange outgo than to prevent it.

Any other way?

Even if the present crisis came about because the finance ministry failed to augment foreign exchange resources, there is still one question that remains unanswered: was there another way by which the present crisis could have been tackled?

Many people feel there was. Says T.K. Bhaumik, assistant secretary general of the PHD Chamber of Commerce, "Imports of edible oil could have been postponed. Part of the fertiliser imports which account for Rs.800 crore every year could have been postponed too. And defence-related imports, which account for nearly Rs.6,000 crore, could have been put off. So, a reprioritisation of imports was probably a viable solution."

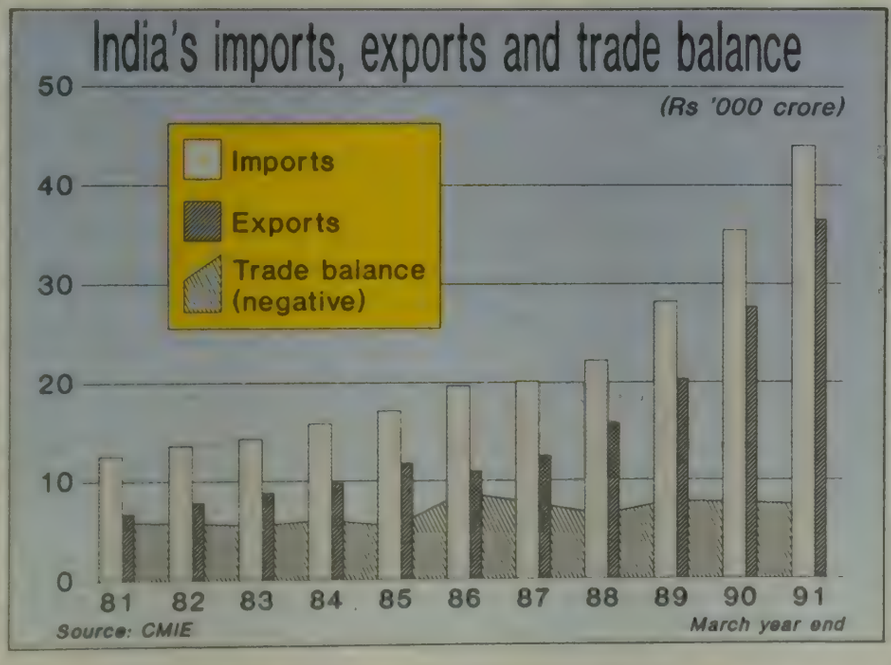
Finance ministry officials explain that they were aware of this. However, they say, "In an election year, these options are unworkable. If we had gone in for them, one section of society would have gained at the cost of another. And, of course, defence imports are a holy cow over which we have no jurisdiction."

Experts feel plenty of other fire fighting measures would have been more effective. A banker with an American bank suggests, "We can lend a part of our gold reserves to other central and first class commercial banks abroad and earn 1 to 2 per cent interest instead of maintaining them as idle assets."

Confiscated gold could also be sold in international markets. And with yet another bumper wheat crop in the past year, wheat could be exported, keeping only a minimum buffer stock. At today's international prices, if India sold 100 million tonnes of wheat it could earn as much as Rs.120 crore. However, the bureaucracy has shown no inclination to look at these options. "Why can't they take commercial decisions?" asks an institutional banker, lamenting the inaction.

Bad management

Whatever be the fire fighting measures taken to conserve reserves over the short run, everybody agrees that scarce foreign exchange will continue to be a long term problem, given the system as it is today. So, what is the solution in the medium or long term? Has the problem merely been caused by mismanagement or is it an inevitable offshoot of development? Charan Das Wadhwan; an economist at the Centre for Policy Research, feels it is bad management that has been primarily responsible. He says, "We were faced with a similar forex crisis in 1957 but we made the necessary corrections in time. Now, even a partial slowdown in exports, unmatched by changes in imports, will create a serious BoP imbalance, given our precarious reserves position. But we must remember that achieving a zero trade deficit has not been our policy and it is not even desirable."



The problem is not debt but to what use is the debt being put? If borrowings are productively used, they generate the cash required to repay the debt.

Unfortunately, says an informed source, "India has perpetually used commercial borrowings — domestic and external — for its current expenses. The foreign currency borrowings of the financial institutions have been used for rupee loans. This means that the foreign exchange has been purchased by the government and frittered away."

As a result of this, further borrowings finance debt repayments instead of financing additional productive capacities. This is why the increase in India's external debt — from 11.7 per cent of GDP in March 1980 to 18.4 per cent in March 1990 — arouse concern.

No initiative

Subramaniam Swamy also feels the problem has been created by mismanagement. He points out that India enjoys trade surpluses with most developed countries; a fact that shows Indian manufactures are fairly competitive in world markets. However, India has trade deficits with smaller countries like Saudi Arabia and Malaysia, mainly on account of oil imports. And these can be gotten rid off by signing government-to-government agreements. But the government has taken no initiative in doing so.

Swamy claims that he had readied a three-stage strategy to manage the BoP problem in the long run just before the current measures were announced. In the first stage, the strategy sought to expand REP licenses. In the second stage, it proposed that REP licenses become, practically, a second floating currency. And in the third stage, it aimed to make the rupee fully convertible.

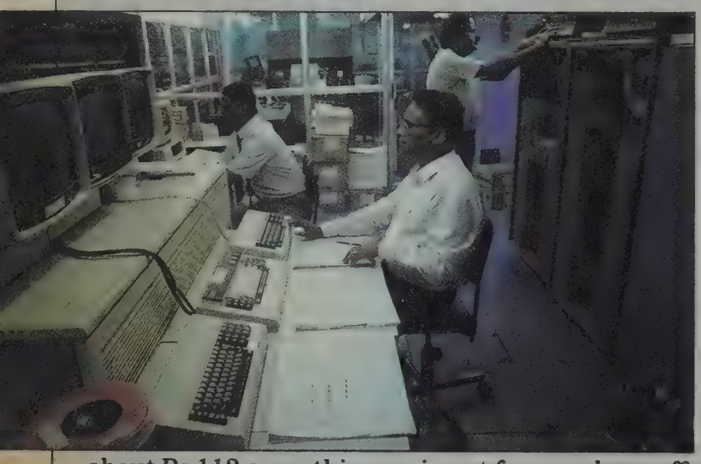
The increased use of REP licences and the exchange rate adjustments that convertibility would ensure could both make it unnecessary to increase cash compensatory support (CCS) to exporters and also to eliminate the subsidy element in exports. This is clearly a desirable long term solution.

Finance ministry mandarins, however, cling to the view that free convertibility of the rupee would cause it to depreciate further. Their main argument is that since India's bulk imports are inelastic in nature, we would have to pay a higher bill. This, of course, flows from the hide-bound view that has strangled the Indian economy for the past 20 years. Mainly, that free convertibility and the ensuing exposure to market forces can only cause the

Getting squeezed

COMPUTERS: "The new guideline has put both financial and physical control and both will hurt us," says Manohar L. Tandon, chairman of Santacruz Electronics Export Manufacturers Association at the Santacruz Electronics Exports Promotion Zone (SEEPZ). The latter is the nation's largest free trade zone almost exclusively devoted to computers and electronics.

The total export of electronic items from all FTZs during the current year is expected to touch Rs.800 crore with a net foreign exchange earning of Rs.320 crore. SEEPZ expects to earn about Rs.112 crore this year in net foreign exchange — against imports of about Rs.12 crore a month.



The recent RBI directive has bewildered the domestic computer industry. Says Ashok Jain, CEO of International Computers Indian Manufacture Ltd, "We have contracts for large exports. Now those restrictions on imports will create major problems for us."

Pravin Gandhi, managing director of Hinditron believes, "Only companies that are cash rich will survive, the majority will not." Another impact will be on the cost of inventory. The industry on an average has an inventory of about 3 months; Gandhi says, "The additional margin money will double the cost of carrying inventory." A more significant impact will be on prices. "The increased cost of funds will push prices up by 10 to 15 per cent," says Ashok Soota, president of Wipro Infotech Ltd.

Fortunately, software exporters have not been affected. Says, Y.P. Sahri, senior vice-president and general manager of Tata Consultancy Services, "We mainly use the EXIM bank and ICICI line of credit, and until this line is exhausted, we don't expect to have a problem."

■ AROON SARKER and SHEKHAR GHOSH

LEATHER: "Export and perish is the message being conveyed to the industry," says M.M. Hashim, chairman of the Council for Leather Exports (CLE). The import content in leather exports ranges between 10 and 15 per cent. Chemicals like wattle extract, accessories, hides and skins in semi-finished and finished form are the main items of import. "It will be difficult to reach the export target of Rs.3,400 crore by 1991-92," says Hashim. (Exports this year are expected at around Rs.2,700 crore.) Due to the foreign exchange crunch, duty drawbacks have not been disbursed since January 1991, and CCS was stopped in March. The accumulation of funds on account of these is estimated at Rs.150 crore.

The RBI stipulations have affected the whole gamut of companies — from small to big. The Gaitonde group for instance, which has turnover of Rs.40 to 45 crore, imports about Rs.10 crore worth of goods, like accessories for its new range of high fashion men's shoes. "All our cash is locked up in investories of raw material, and the banks will not entertain our demands. We are stuck," complains K.V. Gaitonde, president of the group.

The industry is worried about the long term impact on exports. An investment of nearly Rs.40 crore in modernisation and expansion programmes were planned during the year by the industry. Several of these decisions will be postponed or put in cold storage.

■ DHARANI K. PANI



DIAMONDS: Following the RBI restrictions, fresh imports have come to a halt. The industry's existing stock can only keep the over 700,000 artisans and workers occupied for the next two weeks. "Our image is tarnished in the international market," says Bharat Shah of B. Vijaykumar & Co. And the 1990-91 target of Rs.6,000 crore will be difficult to meet.

The industry is entirely dependent on imported rough diamonds, on which there is a 38 per cent value addition when exported. Remittances for imports are normally made within 24 hours after the goods arrive. "But with the current strictures, 50 per cent cash margin will have to be deposited in advance with the bank for three months when we import," explains Shah.

The industry also fears that the four months suppliers' credit so far available to them will also dry up, as the latter have lost confidence in Indian processors.

And as one diamond unit owner laments, the Diamond Trading Corporation suddenly seems to have realised now the need to devote more attention to other neighbouring countries like Thailand, Sri Lanka, Indonesia and China. And in any case, labour is cheap in these countries.

■ LANCELOT JOSEPH

SHIPPING: The RBI circular created confusion in the shipping industry. It states, "Imports of all capital goods irrespective of value will henceforth be only under foreign currency lines of credit available."

Ships are not classified as capital goods. Also acquisition of a vessel is not considered an import and no duty is levied. Says K.M. Sheth, managing director of Great Eastern Shipping, "The restrictions do not really seem to apply to us."

But, considering the high foreign exchange outgo involved in the purchase of vessels, there is doubt whether free foreign exchange would be released by the RBI.

In fact, even the RBI could not clear the confusion when queried on this point by a leading shipowner. The shipowner was told that the release of foreign exchange would be decided on a case-to-case basis.

However, if the restrictions do apply to the shipping industry, it will have to tap the Shipping Credit and Investment Company of India's (SCICI) lines of credit. SCICI has a credit line for $250 million. Says N.C. Singhal, managing director of SCICI, "We can provide for all fund requirements till 1991-92."

But if the loan is in foreign currency, shipowners will have to bear the exchange loss risk. In such an eventuality, the cost of funds will almost double. Financially sound companies though will have the option of directly accessing foreign loans.

■ GEORGE ALBERT

PETROCHEMICALS: "The small polymer proccessors in this industry can at best afford a 10-per-cent margin; 133 per cent margin will kill them," says P.P. Kharas, president of Organisation of Plastic Processors in India (OPPI).

Against the total demand of 750,000 tonnes of plastic raw materials, only 350,000 tonnes are made in the country. The rest is imported. The import bill for this is about Rs.750 crore, which means the margin money alone will be nearly Rs.1,000 crore.

In a situation like this, the small plastic manufacturers can either cut down their imports or borrow from sources other than the banks. Either way, their profitability will decline.

Meanwhile, larger plastic manufacturers, like Milton Plastics, Eagle and Brite Plastics, will be in a relatively better position to tide over this crisis. They can not only rustle up the money, but also, some of them carry inventories that will last two to three months.

Another industry that is dependent on imports is the PSF and PFY manufacturers. A large chunk of these industry's raw material needs are met through imports. What is worse, after stiff increases in excise duty recently, PSF, PFY and NFY industry's margins are already under squeeze.

■ SHAMPA KAR

rupee to fall in value. This is an untenable proposition, except in badly managed economies with excessive controls. Market forces can as easily cause a currency to appreciate as they can cause it to lose value. Fifty years ago, with much less industry and fewer controls, the rupee was convertible and yet strong in world markets.

Many independent analysts agree with what Swamy has to say. For instance, D.H. Pai Panandikar, secretary general of FICCI says, "Foreign exchange is a resource and therefore there should be a free market for it." He suggests that import controls should be abolished and that exporters should be allowed to sell their REPs in the market for any premium that they can get. "The high premium will check imports while exporters will try to export more, to earn more on REPs," he says. Similarly, NRIs who repatriate foreign funds ought to be able to realise the true market value of these funds.

Unutilised lines of credit

Along with blinkered policies, chronic procedural delays have exacerbated India's present problems. Lines of credit made available to India lie unutilised for many years. In fact, as of March last year, as much as Rs.48,107 crore of foreign aid — most of it concessional — was lying unutilised. This aid has been sanctioned by multilateral agencies like the IMF, WB, IDA and the IFC and it is tied to specific projects. The drawing down of these loans is linked to the progress of the projects. If projects get delayed, the aid naturally remains unutilised. And this makes it difficult to approach the agencies for fresh funds.

Yet, given the right approach, multilateral institutions are, even today, willing to offer funds to India. The Housing Development Finance Corporation, for instance, secured an IFC loan of $40 million, at attractive rates, only last week. It was the first part of a total loan of $100 million raised, interestingly, without a government guarantee. The IFC has also recently lent $15 million to Infrastructure Leasing and Finance Services. A commercial banker adds, "Some German, French and even Italian banks are still willing lenders." Moreover, if the stockmarkets were rising, as they did till last year, everyone is naturally interested in participating in the growth. Thus, the need of the hour is for India to sit up and review its policies; to take quick and prudent decisions; and to then act without delay.

That India can act if it wants to is undeniable. And there are some positive signs in this picture of seeming gloom. Compared to the fifties and sixties, for example, India does have a higher commercial debt to service ratio but its capacity to earn foreign exchange is also greater today. Moreover, India is not as vulnerable on the foodgrains front as it was 30 years ago.

Better use of debt

But things can become really better only if there is a strong will to ensure the appropriate end-use of debt funds. "If necessary, we should establish an independent agency accountable only to Parliament to monitor the end-use of debt," suggests a banker.

Entrepreneurship in the country should also be concretely encouraged. And foreign investments should be invited in with enthusiasm. There should be a freeing up of controls choking the economy. Recently, a World Bank report advocated the liberalisation of the financial sector. This is imperative to ensure that monies, both foreign and domestic, flow into productive channels.

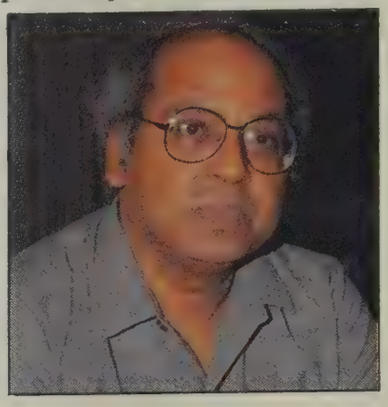
Given these requirements, the present RBI directives are merely a step in the wrong direction. They will have a major adverse impact on several industries in the country. Those sectors, which depend on imported raw materials, no matter how small the import content — like plastic manufacturing, mini steel, consumer electronics, computers, diamond processors, leather, paper, synthetic fibre and yarns, and pharmaceuticals — will be the worst hit. "The directives will lead to serious liquidity problems for the public sector, the private sector, and for internal trade and consequently, the government," says Viren Shah, chairman of Mukand Ltd and a member of the Rajya Sabha.

Also, there will be important repercussions that will lead to a restructuring in the market shares of companies in many industries.

For example, there will be a shake-up in the Rs.1,400-crore colour television market. Sagging demand has already dampened sales in the past one year and poor margins have made many units sick. Four of the largest manufacturers already control nearly half of the total market. While these cash rich units will not have problems in providing cash margins of 133 per cent for their imports, smaller units who have always lived from hand to

mouth, will have to close shop. Yet imports account for only Rs.750 of the total cost of a TV set. Their withdrawal will give even more of the market to the large players. Says a large television manufacturer, "With lesser players around, a few of us will call the shots in the market".

Similarly, in the case of the paper industry, the current restrictions will hurt the smaller units which depend on imported waste paper and wood pulp. "Nearly 80 of the 210 small paper units may have to close down due to a cash crunch," says a spokesman of the Small Paper Mills Association.



S. Venkitaramanan: myopic measure



Kalyan Banerjee: systemic failure

Boon for some

The RBI directives will also benefit some domestic raw material manufacturers who would otherwise have had to compete with imports. Mini steel units, for example, depend largely on imported scrap, for which the domestic substitute is sponge iron. With scrap becoming more expensive and difficult to import due to procedural delays, the demand for sponge iron is bound to rise. Sponge iron prices, in fact, have already firmed up from Rs.4,000 per tonne in November to Rs.4,800 now. The largest sponge iron producer, Essar Gujarat, is in fact expected to make a whopping profit this year.

This will also be true in the case of domestic producers of petrochemicals for plastics manufacturing, like IPCL, NOCIL and PIL, who are otherwise in a market where half of the demand is met by imports. "The government should not allow them to raise prices and make money at our cost," says Vijay Merchant, president of the All India Plastic Manufacturers Association.

There is also bound to be a major row between companies which depend on imported raw materials and those which don't. Take the old rivals, Bombay Dyeing and Reliance. Both manufacture raw materials for making polyester — Bombay Dyeing makes DMT and Reliance makes PTA. But while Bombay Dyeing uses imported paraxylene as a raw material, Reliance uses naphtha supplied by the government.

"The 133 per cent margin money for our imports will raise our input costs and force us into an uncompetitive position," says Harish Bijawat, managing director of Bombay Dyeing. Bijawat also fears that the delay in getting import clearances from RBI might jeopardise his production programme, naturally benefitting his competitor.

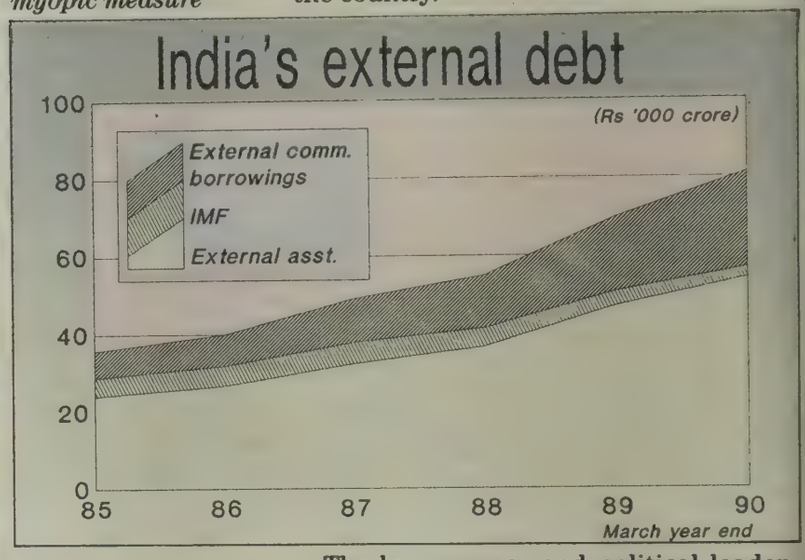
Even worse, there will be serious repercussions on exports. Most export-oriented units are small but they are now required to deposit a 50 per cent cash margin for their imports. This will raise their interest costs and create cash flow problems which could choke them completely. Moreover, the physical delay in imports will delay the delivery of finished products, and foreign buyers will probably not find that acceptable.

Targets out of reach

"Delays in exports may even force foreign buyers to shift their sourcing from India to other countries," says Manohar Tandon, chairman of the Santacruz Electronics Export Manufacturers Association. During the current year, the units in the free trade zones had expected to post net foreign exchange earnings of Rs.320 crore. Now that seems difficult.

Diamond processors, also large foreign currency earners, have in fact, already sent delegations to many south-east Asian countries to explore possibilities of shifting their businesses out of India. If this happens, the country will lose huge amounts of foreign exchange and the RBI directive will prove to have been totally counter productive. And as it has happened so often in the past, the government's remedy will turn out to be worse than the disease.

The current foreign exchange squeeze is merely a symptom of the systemic failure in the economy. Sadly, this failure is not really a reflection of the economy's intrinsic strengths and weaknesses. It is really a reflection of the blinkered, hidebound policies that have prevented its natural dynamism from establishing a smart tempo of growth and prosperity for the country.



The bureaucracy and political leadership have consistently demonstrated an amazing bankruptcy of thought; not only when they are actually called upon to address crucial economic issues, but even when they are asked, by the people they govern, to account for the rationale behind their policies. "A protected but controlled economy" is justified even now on grounds that have been discredited everywhere else in the world. As is "high quality state intervention". But even an awareness of the real issues seems to be beyond the "planners".

The bankruptcy of these ideas and their professors is clear when the latter are confronted with a single question: for how many more years is such protection and control to be continued? To this they have no answer.

As long as *babus* and *netas* who have made a mess of most economic policies continue to believe that their maladroit interventions in the economy are more efficient than market forces could be in a truly liberal economy, India will continue to lurch from one crisis to another.

■ KINGSHUK NAG and RUCHIRA GUPTA in Delhi; DILIP MAITRA and ALPANA KILLAWALA in Bombay; with ARIF SHARIF and FEROZ AHMED in Delhi

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FERTILISER CO-OPERATIVES

From strength to strength

Both the fertiliser companies in the co-operative sector are sitting pretty with substantial cash reserves and plans for expansion. Rivals in other sectors have been left behind. With eight more new projects expected to come into their fold and the market more or less guaranteed, shopping for technology has already begun

Hefty surpluses and eagerness to expand notwithstanding, the two fertiliser co-operative companies, Indian Farmers' Fertiliser Co-operative (IFFCO) and Krishak Bharati Co-operative Ltd (KRIBHCO) have been finding themselves restrained by an unwilling government all these years. Now, over the Eighth Plan, that picture may change with IFFCO and KRIBHCO, in tandem, expected to take away at least eight new projects, to be executed over the next five years. Together, these projects will require investments of Rs.2,200 crore.

All, perhaps, in recognition of their cash surpluses or as the co-operatives insist, "a better ability at handling technology." Whatever be the reason, the recognition has come very slowly. Through the eighties, the government looked to the private sector to relieve it of the need of continuously investing within the fertiliser sector. And there were compelling reasons for that: fertiliser plants are expensive, needing upward of Rs.700 crore investment of which the government usually contributes half. So a resource-constrained government hoped to induce private capital to increase the urgently needed fresh capacity. But for one reason or the other, private investment has been uncertain.

Rivals surpassed

Now, a disillusioned government has little alternative but to turn to the co-operative sector to bring in fresh investments. And for good reason. For some time now, KRIBHCO and big brother IFFCO have been continually finishing ahead of competition. "Statistics are not always the perfect indicators but they certainly show that we have surpassed the others, private and public," says KRIBHCO's managing director H.S Kohli. Capacity utilisation of the nitrogenous fertiliser plants of the co-operatives averaged 110.6 per cent compared to the 98.1 per cent of the private sector. The public sector finished a poor third with a utilisation of 67 per cent.

Not everybody is, however, convinced that the co-operative sector is superior. "Comparing sectors is unfair," says Pratap Narayan, director of the Fertiliser Association of India. Admittedly, there are good companies in the public and the private sectors too. Both National Fertilisers Ltd (NFL) and Rashtriya Chemicals and Fertilisers (RCF) have turned in good performances and so has Indo Gulf and even Shri Ram Fertilisers' twenty-year-old plant that averaged a over 100 per cent utilisation. "Besides, capacity utilisation can only be one criterion. Also, not all of IFFCO's plants are doing as well as the Aonla plant."

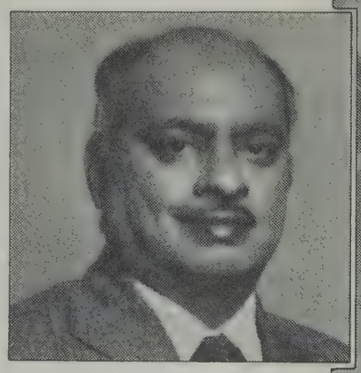
The co-operative sector's performance, nevertheless, ought to bring them the coveted letters of intent (LoI) for two of the four ammonia/urea complexes conceived for the next five years, two phosphoric acid plants, two diammonium phosphate plants and a zinc sulphate plant. "There isn't any reason why we should not be awarded a major share of the projects over the next plan," says C.P Mathur, IFFCO's managing director.

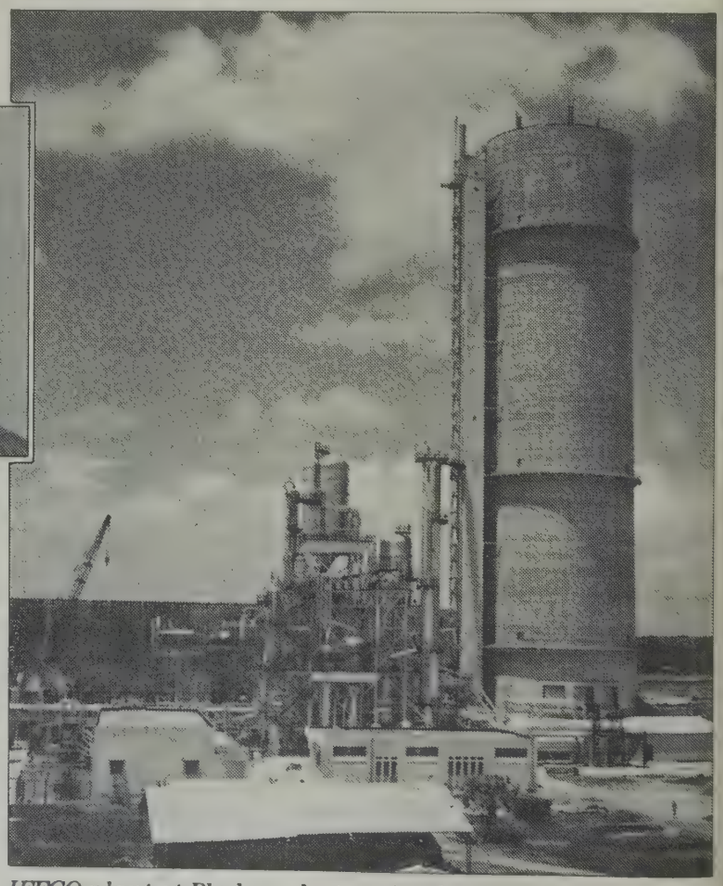
But, for some years both companies have been going through a phase of uncertainty. IFFCO's Aonla expansion (adding 1,350 tonnes per day ammonia and 2,200 tonnes per day urea capacity) was approved in principle a good two and a half years ago, but there has been practically no following action. So is the case with some of its other projects also. When KRIBHCO lost Shahjahanpur's LoI to Abhey Oswal's Bindal Agro in August 1989, it planned to invest in an alternative sector, petrochemicals. It was however prevented from doing so by the co-operatives' charter that disallows entry into industries unrelated to agriculture. Then, it invested Rs. 10 crore in Nagarjuna Fertiliser's upcoming plant at Kakinada in Andhra Pradesh.

Cash rich companies

For the new projects, the clincher will be the co-operative companies' prolific cash generation. KRIBHCO closed 1989-90 with net profits of Rs.91.51 crore and its reserves and surplus stood at Rs.254.83 crore (sufficient to pay for a new plant). Two years earlier, in 1987-88, it had done even better — net profits of Rs.126.80 crore — a figure yet unsurpassed in the fertiliser industry. IFFCO's case is very similar. With its four plants, it made

Mathur: "Why shouldn't we get major projects?"





IFFCO plant at Phulpur: last project by the Americans

profits of Rs. 55.91 crore and had reserves of Rs.327.03 crore for the year 1989-90. The comfortable reserves position has encouraged both IFFCO and KRIBHCO to take a token Rs.1 crore each from the Planning Commission for fresh investments.

The co-operative fertilisers' handsome reserves could be attributed to two factors in particular. One, the decision to set up projects in future with a debt equity of 2:1 instead of 1:1 as was the case with the co-operative and public sector in the past, and two, the stipulation of a lower dividend. The difference in capital structure sets the co-operative sector and public sector apart from the private undertakings. (Private companies are allowed to use a debt equity ratio of 4:1 when equity issues are used to finance big fertiliser projects (ie relying less on owned funds, equity, and more on borrowed funds, debt). This, even against the commercial wisdom of loading a young company with debt).

Fulfilling debt obligations becomes decidedly simpler for the the co-operatives and the public sector companies because of their lower debt equity ratios. "If the government had given us that kind of money, we also would have been in such a good position," says an executive from a private sector fertiliser company. Cash generations of both KRIBHCO and IFFCO is also aided by their governing bylaws that stipulate a dividend not higher than 6 per cent. Private companies, on the other hand, must declare a minimum dividend of 15 per cent.

Apart from these two crucial differences in capital structure, there are other factors that set the co-operative sector apart. In the sixties, India's nascent agriculture co-operatives became conscious of the need to own their own fertiliser production facility to improve distribution. The idea then seemed to be to set up small plants in each district to facilitate local distribution. Later, it was given up in favour of larger plants which offer substantial scale advantages in energy consumption.

Not much intervention

Says an industry official, "A great deal of the inefficiency witnessed in the public sector can be explained by bureaucratic intervention. But the government has refrained from behaving in the same fashion towards the co-operatives. Foreign presence too made a difference. IFFCO was incorporated in 1971 in collaboration with the Cooperative Fertiliser International (CFI) of the US which was a great success with fertiliser co-operatives there.

The collaboration set the tenor of the co-operatives' culture. CFI had substantial investments in IFFCO's Kalol and Kandla plant and had its own personnel managing them in tandem with Indians. "That made the difference," says A.K. Mukhopadhya, KRIBHCO's project manager. "The Americans didn't allow interference with recruitment, were extremely open and held everybody accountable." They disinvested in favour of the government and departed after executing the Phulpur project.



Aonla plant: uncertainty prevails

Incorporated in 1971, with investments of a mere Rs.22 crore, IFFCO was too small a company then to be of value to a politician. Since then, it has grown unnoticed and is now responsible for a little over 30 per cent of the country's total fertiliser production. KRIBHCO was incorporated in April 1980, when IFFCO found that executing the huge Hazira project was diverting its attention from existing plants' operation.

Foreign presence not only precluded government intervention in the fertiliser plants, but also created a consciousness for plant maintenance. That both IFFCO and KRIBHCO's plants have averaged well over 110 per cent capacity utilsation is an adequate testimony to that. It is precisely because of that culture and emphasis on training that the two companies have accomplished consistently good performances. The efficiency of a fertiliser plant is primarily dependent on the technology and the performance of the ammonia plant which finally determines its energy consumption. The feedstock for fertiliser plants (natural gas) is so highly priced that marginal improvements in energy consumption reduces costs quite dramatically.

Better blend

Energy management is what is crucial to a fertiliser company's performance. "And a blend of better technology and human resources to support it has allowed us to perform successfully," says KRIBHCO's marketing director S.N. Pandey. Besides, the co-operatives have enjoyed a great deal of freedom in choosing technology. That hasn't been so for the public sector companies who on several occasions in the past, have been used to experiment with new technology.

KRIBHCO chose Pulman Kellog to execute its ammonia plant instead of Haldor Topsoe which had executed Rashtriya Chemicals and Fertilisers' Thal plant. Topsoe had used unproven energy efficient technology which did not work so well. So while Thal's use of capacity has never surpassed 97 per cent, the Hazira plant has consistently averaged 115 per cent. IFFCO's Aonla plant uses technology identical to KRIBHCO's and has produced remarkable results averaging 110 per cent.

That, in fact, has been another cornerstone of the co-operatives' success. "We have excelled at duplicating plants," is the reaction of a KRIBHCO official to the query about why the company's Hazira plant consistently performs at 115 per cent capacity. "We never insist on a made-to-order plant or incorporating new features. Just choose an efficient plant elsewhere in the world and build an identical one here." That may be an unusual attitude from one of the country's premier fertiliser companies. But at IFFCO and KRIBHCO, it has been a happy and winsome dictum to adopt.

Stringent safety checks

As against a manufacturer's recommendation of 35 days' shutdown a year for mandatory inspection and maintenance, "we accomplish them in only 15", says Kohli. "Besides, each manufacturer builds in 5 to 7 per cent margins into its designs." The plant go through stringent safety audits to improve reliability. Energy conservation

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too is a passion at KRIBHCO. Thal was designed to use 8.01 million kilo calories to produce a tonne of ammonia compared to Hazira's 8.44 mkcal/t. Now by incorporating an ammonia converter retrofit that alters gas flows, energy consumption will come down and reduce gas intake to 1.4 million cubic metres instead of 1.6 million cubic metres a day. It has recently procured a digital distributed control system at an investment of Rs.85 crore that will save energy by another 8.5 per cent.



Kohli: "We have surpassed the others"

But there have been allegations that KRIBHCO has been flogging its Hazira plant, that has in some months averaged a spectacular 124 per cent. Mukhopadhya disagrees, claiming that pushing capacity beyond 100 per cent is done very systematically. "You increase production gradually and watch how the plant behaves. If you notice a component that is beginning to show any strain, you replace it with a sturdier one. Then push the plant a little further, replace another component if necessary and gradually take up capacities.

P. Mittal, a president at Indo Gulf Fertilisers, does not think that there is anything remarkable about achieving high capacities. "It really is a trade-off. You push your plant now, and you will be paying for higher maintenance costs and, perhaps, need to replace your plant sooner than necessary." In any case, plants elsewhere in the world also register capacity utilisations well beyond 100 per cent, even 140 per cent in certain cases.

What of the co-operative participation in the companies themselves? Democracy inevitably leads to chaos, would be anybody's first thought. But for the fertiliser co-operatives, democracy has worked wonderfully. At the moment, there are 29,821 member co-operatives in IFFCO and 2,564 member co-operatives who have contributed Rs.22.08 crore to KRIBHCO's equity and several of whose members sit on KRIBHCO's board. "For everything that we do, we have them at the back of our minds," says Kohli.

Seva kendras

That has persuaded the co-operative to adopt 634 single and 28 village clusters and establish 61 *seva kendras* along the line of IFFCO's service centres — agriculture supermarkets that provide farmers with integrated agriculture services under a single roof, whether it be implements, pesticides, insecticides, a soil testing facility or fertilisers. Both co-operatives will invest in an integrated agriculture development plan that will include bringing together agricultural inputs as well as providing agricultural education through lectures and seminars on dryland farming for the farmers' benefit. "The future holds greatest promise in the successful cultivation of these," says Pandey.

Private sector companies, on the other hand rarely take on such commitments. Only six villlages each have been adopted by private companies until now. This is where co-operatives can stay ahead of the others in terms of marketing fertilisers. There have been other incentives too, like offering discounts on fertilisers — Rs.10 on urea and Rs. 13 on NPK and DAP which have been added attractions. The success of such a policy is demonstrated by the fact that even in the two worst drought hit years of 1986-87 and 1987-88, when the fertiliser industry witnessed negative growth, KRIBHCO managed sales of 1.3 million tonnes.



Plant at Hazira: consistently good performance

Now, after some years of lull, there will be much to do over the next five years. IFFCO will expand Aonla's capacity, instal twin phosphoric acid plants of 1,500 tonnes per day at Kandla and a 10,000 tonne per day zinc sulphate plant at a collective cost of Rs.1,100 crore. KRIBHCO will get a grass root fertiliser plant near Palwal in Faridabad district (capacity of 1,350 tonnes a day (tpd) of ammonia and 2,200 tpd of urea) needing an investment of Rs.758.89 crore. A 220 tpd phosphoric acid plant and a 450 tpd diammonium phosphate plant in Rajasthan with an outlay of Rs.147.52 crore. Then there is a 950 tpd nitrophosphate plant at Hazira that will take away another Rs.275 crore. These projects have satisfied the Planning Commission in principle but the coveted LoIs are yet to arrive. Nevertheless, KRIBHCO is proceeding with its detailed project report.

Synergic expansion

It is all a synergetic expansion. The nitrophosphate plant will use ammonia from the Hazira plant together with imported rock phosphate and phosphoric acid. The DAP plant at Rajasthan will use sulphuric acid from Hindustan Zinc Ltd and concentrated phosrock from Rajasthan State Mines and Minerals Ltd. The overseas DAP plant still awaits approval. Algeria or Malaysia is most likely to be preferred to Jordan now. because of the insecurity in the Gulf.

Shopping for technology has already begun. Kellog, Topsoe, Uhde and Toyo Engineering have been shortlisted for the crucial ammonia technology. The Norwegian company, Norsk Hydro will, in all probability, execute the DAP plant while BASF and Uhde are being considered for the nitrophosphate plant. Of the needed investment of Rs.1,181.41 crore, only Rs.1 crore will come through budgetary allocation, KRIBHCO itself providing the rest.

For a market, there is no need to worry. The Planning Commission's perspective plan shows that over the next decade, the country needs to add a little under a million tonnes of nutrients' capacity each year to produce the required 240 million tonnes of foodgrains by 2000 A.D. Nagarjuna will come in November 1991 and both Tata (Babrala) and Chambal (Gadepan) will go on stream by December 1993, all of them with a million tonne capacity each. Bindal Agro's at Shahjahanpur hasn't announced its zero date yet, all leaving a shortfall of approximately a million tonne ■

ARIF SHARIF

RATAN TATA

A smooth succession

J.R.D. Tata's stepping down as chairman of Tata Sons marks the end of an era for the entire corporate sector in the country. Ratan Tata, who spent many years as a member of a talented top management team, has now become J.R.D's successor

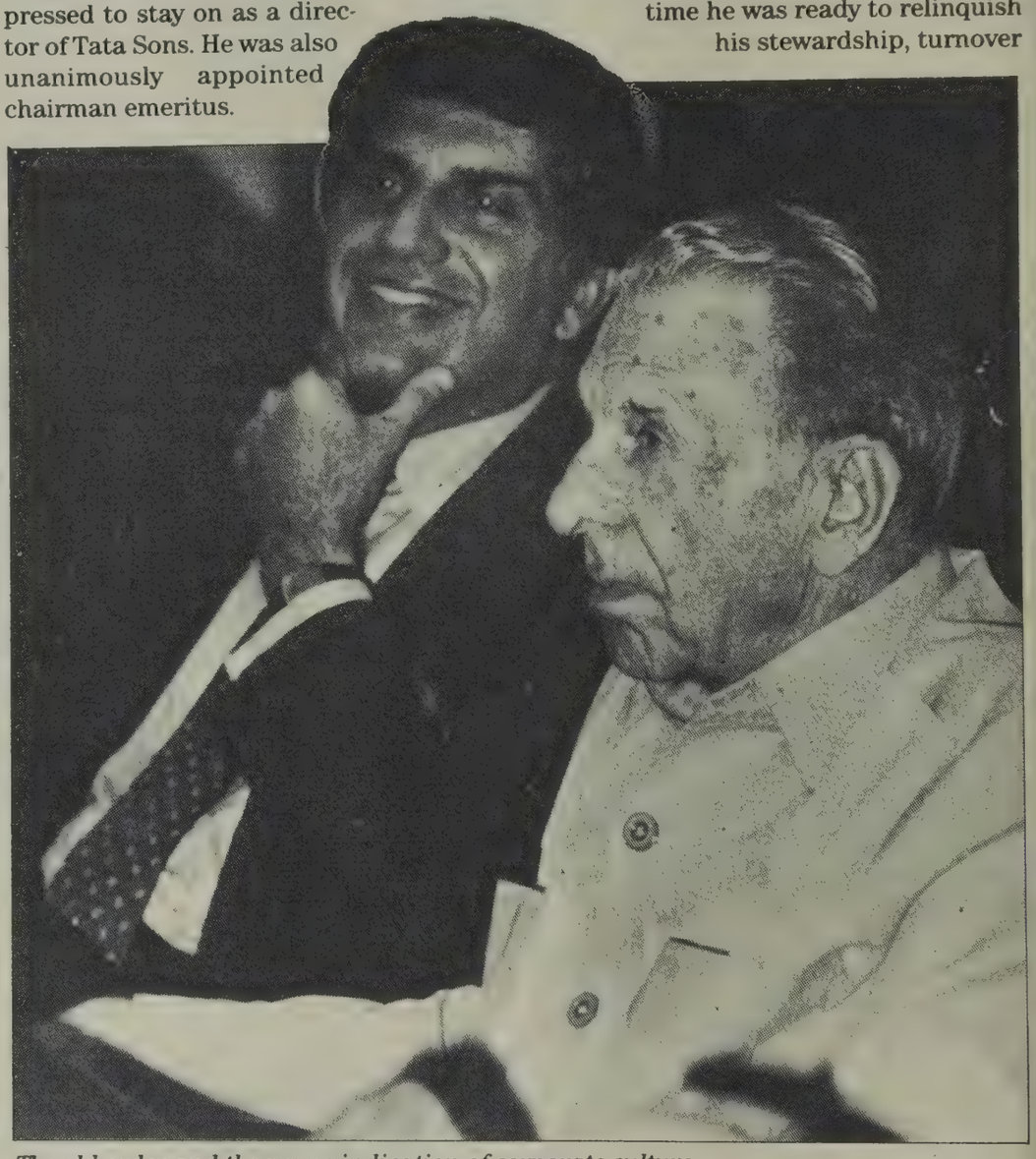
On 25 March 1990, J.R.D. Tata stepped down as chairman of Tata Sons, the holding company of the Tata group. His departure marks the end of an era not only for the House of Tata, now the largest one in the country, but for the entire corporate sector. J.R.D. chose a certain path for his companies that was in keeping with a responsible, value-driven corporate philosophy. This was not a path all companies followed even half a century ago when J.R.D., then only 33, first became chairman of Tata Sons in July 1938. And it is not the path most companies are willing or able to follow today when competition has made life much more difficult than it used to be.

J.R.D's example established that companies can be both value-driven and market-driven; that profits do not somehow preclude ethical behaviour; that growth is possible even if political patronage is not used to bend rules and cut corners, and quite simply that the pursuit of wealth can be a graceful and mannerly one. He personified the fact that the Indian businessman can succeed in conditions which are not ideal, without huckstering his way through. At a time when many business leaders seem to have forgotten this fact, his departure becomes all the more poignant.

Retirement no surprise

It did not, however, come as a surprise. He had planned on relinquishing the position he has held for the past 53 years in July this year, as soon as he had turned 87. But that was one milestone the grand old man of the corporate world was not destined to reach. Early this month, after a visit to the Tisco plant in Jamshedpur where he attended the Founders Day celebrations, J.R.D. had to be hospitalised. The diagnosis was simple: severe exhausation. So, he had to step down four months before he wanted to, for even if the spirit was as willing as it had been fifty years ago, the flesh was now undeniably weak.

At the directors' meeting where he announced his decision to step down, he was pressed to stay on as a director of Tata Sons. He was also unanimously appointed chairman emeritus.



The old order and the new: vindication of corporate culture

Not too long ago, corporate observers noted a clear but below the surface power struggle, among top managers of the companies in the group, for the top job. Many did not believe that there would be a smooth transition. But in the last year or so as Ratan Tata took over key positions in major Tata companies it looked like he would be the next chairman. But even then it was not evident that he would go unchallenged. After Ratan Tata was appointed deputy chairman of Tata Sons a few months ago, however, it was only a matter of time. The fact that the transition was so smooth was a vindication of the corporate culture J.R.D. had assiduously built up over the years. And of his personal standing as a giant among giants.

By any reckoning, J.R.D. has had a spectacular career. When he took over as chairman of Tata Sons, the entire group's turnover was only Rs.280 crore. By the time he was ready to relinquish his stewardship, turnover had grown 35 times and touched Rs.10,000 crore. J.R.D. promoted Telco, now the largest heavy vehicle producer in the country; Tata Chemicals, now the largest soda ash manufacturer; and Tomco. And he founded what would eventually become Air India, when he set up Tata Airlines in 1932. In fact, he piloted the inaugural flight from Karachi to Bombay himself.

He was able to achieve this outstanding

growth because he allowed strong men like Russi Mody, Sumant Moolgaonkar and Darbari Seth to not only appear on the scene but to flourish and become empire builders in their own right. He was a professional who encouraged other professionals to do their job and gave them the freedom to do it well. And though the companies bore his name, J.R.D. did not own large stakes in them.

A combination of factors ensured that the Tata group companies were not really family-owned ones unlike, for example, those of the Birla group. So, even though a Tata has succeeded a Tata now, the succession is materially different from that in other family-owned concerns. And because it is different, there are no possibilities of the Tata empire facing disintegration.

As J.R.D. said in an interview just last month, "There is no Tata empire. Yes, certainly we are a very large group and a group, which, unlike other large groups in this country has not begun to disintegrate

Ratan Tata inherits J.R.D's mantle as a democratic leader, who must approach the future... as the first among equals

in the second or third generation... This cannot happen here. The original parent of this group was Tata Sons. It is still Tata Sons. Who is going to pull it apart?" All the heads of the Tata companies say it is not only a question of pride in the group's high reputation but they find there is a synergy, an advantage, in staying together." Tata Sons, of course, has all the heads of the Tata companies on its board. So, in a very real sense, it is not a holding company under the sole control of the Tata family.

Another major distinguishing fact between most family-owned companies and the Tata group lies in the fact that J.R.D. has never used the group to amass personal wealth. And Ratan Tata is very much in the same mould. Thus, the succession does not amount to the gaining of a position in which great personal gains could be the outcome.

J.R.D's views on this are clear: "What makes other Indian families start industries? It is the very fact that family members, including children and nephews and the companies in a group can be separated and broken up. This is not the reason why Tata companies have been started."

Ratan Tata thus inherits J.R.D's mantle as a democratic leader, as a man who must approach the future not as an emperor but as the first among equals. He seems acutely aware of this. When he spoke to *Business India*, he said, "I am very happy and satisfied at having been given this opportunity. I shall endeavour to follow the traditions established by J.R.D.. It was his decision to entrust me with this, without pressures from any source. He acted with enormous grace and good feeling. I feel particularly honoured to be chosen under these circumstances."

Ratan Tata is self-effacing, unassuming and essentially shy. J.R.D. was, perhaps more so in his youth than later, much more flamboyant. But there is little doubt that Ratan Tata shares his values. Certainly, being in the position that he is, Ratan Tata has had his share of the flak on a variety of issues. But he has several solid achievements under his belt. He drew up the group's strategic plan in 1983 that was not made operational but which was remarkably close in predicting what the Tata companies actually did over the next 7-8 years. Also, during his waiting period he worked steadily as a team player in several major Tata companies. For example, he willingly served under Sumant Moolgaonkar at Telco till it was time for him to take over



Ratan Tata may lack the mystique and the abiding respect J.R.D. built up over 50 years, but he has proved that he has a strategic vision and that he can work well as the member of a talented team. But now that he is in the top position, his time as the leader of the Tata team has come ■

NAVAL BURJOR GHIARA

CESC

Powering ahead

After taking charge, the Goenkas are gearing up with plans for the upgradation and expansion of this pioneering electricity company

It was a quiet triumph for Rama Prasad Goenka last month, when he took over as chairman of West Bengal's only private sector power company, the Calcutta Electric Supply Corporation, or CESC as it is better known. A couple of years earlier when Goenka had acquired nearly 13 per cent of the company's shares, there was a great deal of speculation.

Corporate observers were baffled as to why the takeover king wanted to acquire a utility company where returns and dividends were heavily regulated by a plethora of government laws. Yet, despite stringent regulations, CESC is a prize catch. After all, the company is one with a history, its origins dating back to 1897 when it was incorporated and its shares quoted on the London Stock Exchange. Even after the expatriates left, CESC continued to remain a blue chip company and today, with assets in the region of Rs.552 crore, it ranks among the top 50 Indian companies in the private sector.

For the Goenkas, acquiring control of CESC had become a prestige issue, especially after the RPG group's attempts to get into big league industry in West Bengal had repeatedly flopped.

Though it took the Goenkas nearly two years to consolidate their position at Victoria House, the prime location headquarters of CESC, they have come a long way, with their holding currently estimated at 28 per cent (48 per cent is held by the financial institutions and the balance is with the public). The stepping down of former chairman Bhaskar Mitter, supposed to be a close family friend, to make way for R.P. Goenka to take over as chairman, finally formalised the takeover.



Titagarh power station: satisfactory performance

Sanjiv Goenka, one of the directors on the CESC board and the younger son of R.P. Goenka, who manages the company on a day-to-day basis, defends the investment. He claims that despite difficulties in making spectacular profits in this area, future prospects are very bright. "In the Eighth Plan there is a target for the generation of 30,000 MWs of electricity involving an outlay of nearly Rs.76,000 crore. If CESC gets even a small slice of this, it would mean a great deal," he says. "Even if only 10 per cent of the power infrastructure is managed by the private sector, it will result in savings of up to Rs.5,000 crore by the government."

But CESC will have to become much more sharp if it

A focus of national interest

"The rise of Calcutta as the second most important city of the British Empire is truly inseparable from the story of CESC...." So goes the publicity brochure of the Calcutta Electric Supply Corporation (CESC). The company may not have been around as long as the city itself, but CESC's origins date back to 1897 — nearly a hundred years ago — when the Bengal Act IX, better known as the Calcutta Electric Lighting Act, was passed.

In 1897, Kilburn & Co were granted a licence, as agents of the Indian Electric Co Ltd registered in London with a capital of £ 1,000. A month later, its name was changed to the Calcutta Electric Supply Corporation. The share capital was increased to £ 100,000 and the company went public in May. Business, however, continued to be carried out from London, the seat of the board of directors, and it wasn't till the 1920s that the company shifted to the imposing Victoria House in Calcutta, its current headquarters.

Many stations commissioned. After the supply of electricity commenced around the turn of the century, several generating and receiving stations were commissioned. First came the generating station at Alipore, in 1902, followed by Howrah and Ultadanga in 1906. Then came Cossipore in 1912 and the southern generating station at Garden Reach in 1926, which is currently being expanded. Mulajore was opened in 1940. The only major generating station to be commissioned after independence (in 1983) was at Titagarh.

Indianisation came about in January 1970, when the control of the company was transferred from London to Calcutta. In 1978, the company became the Calcutta Electric Supply Corporation (India) Ltd. Now they prefer to be known as plain CESC. The company has long been the focus of national interest because of its assets which are now valued at Rs.709.99 crore and rank 11th in the Indian corporate sector rankings.

Around the mid-seventies, when its licence was due to expire, CESC was sought to be nationalised by the government. Later, its licence was extended, to continue till the end of this century. CESC officials have been pressing for modification of licensing norms, asking for a 30 year span instead of the existing 20 year term. With the government's inclination towards privatisation, more licences are likely to be issued and for longer periods.



Sanjiv Goenka: firm government policy essential

wants to derive the maximum benefit from the opportunities available. For, the company's performance, though admittedly better than that of the West Bengal State Electricity Board (WBSEB), leaves a lot to be desired, especially when compared with the previous year's.

Though the company's generating stations continue to perform satisfactorily, at a plant load factor (PLF) of 60 per cent, the first six months of the current year (1990-91) brought a pre-tax profit of Rs.4.43 crore which is almost half that of the Rs.8.42 crore chalked up during the corresponding period of 1989-90. This was mainly due to rising operational costs. While overheads rose from Rs.24.29 crore to Rs.25.52 crore, the interest too went up from Rs.21.82 crore to Rs.27.71 crore. At the same time the company's liabilities have increased with its biggest defaulter, the Calcutta Corporation, owing CESC around Rs.30 crore. For the full year, though results are yet to be audited, it is unlikely, according to managing director P.B. Ghosh, for the net profit to cross the Rs.13.25 crore of 1989-90.

Belated clearance

There are problems on other fronts too. The West Bengal government took its own sweet time in clearing the company's revised tariff package. A new package — designed to meet the rising costs of power generation and distribution — was to have become effective from April 1990 instead of which it was cleared belatedly in February this year. This meant that CESC was able to benefit only for the last couple of months instead of the whole year.

Besides, the Rs.12 crore gap in the package (CESC had asked for a Rs.48 crore package but the state government agreed to only Rs.36 crore) effectively means lower returns, though Ghosh appears more optimistic about the next financial year, when the revised rates would start showing better results. If they don't, CESC will continue to lag behind the other power companies at least as far as net profit margin (NPM) is concerned. For the year ended March 1990 CESC's NPM was only 2.59 per cent. This compared very poorly with Andhra Valley Power Supply Co (9.89 per cent), Bombay Suburban (3.8 per cent) and even Ahmedabad Electricity Co (2.90 per cent).

"In such situations, where the initiative rests largely with the government, the only viable solution is to try and assess the PLF, and go in for improvements," says Amal Mukherjee, general manager, commercial, CESC. "Constant upgradation in terms of both modern machinery and latest techniques is your only salvation," says a senior official at the Tata Electric Companies (TEC), which boast of a PLF of 80 per cent.

Sanjiv Goenka, however, points out that CESC's power stations are already running at the best possible capacity. The solution, therefore, lies in installing more capacity. This is expected to come about once CESC's massive investment programme totalling nearly Rs.2,600 crore comes through.

CESC's generating capacity, which



Pics by Sajal Bose

Victoria House: several upheavals likely

presently stands at 542 mega watts, will go up by the middle of this year once the 67.5 MW unit at its southern generating plant at Garden Reach goes into operation. But even then, it will remain inadequate, given Calcutta's requirement alone of approximately 800 MW. Much therefore will depend on the company's generation plans, which include the laying of a 132 km new transmission network at a cost of Rs.158 crore crisscrossing the entire city, and a Rs.1,200 crore 500 MW power plant at Budge Budge, the clearance for which is expected to come through any day now. In West Bengal, apart from its own stations, CESC will also run the SEB's turbines at Kasba, which require extensive repairing and modernisation, estimated at Rs.5 crore.



Garden Reach plant: new unit going into operation soon

Further afield

In addition, the Goenkas have been eyeing other states like Bihar, UP and Maharashtra. In Bihar, CESC is setting up the Chandil Electricity Corporation, for which a 500 MW unit projected at Rs.1,200 crore is to be set up. It is reliably learnt that in UP, CESC will run a state government power plant.

While the financing pattern is yet to be worked out, according to Ghosh, the bulk of the money is likely to come from overseas banks like the International Finance Corporation (IFC) and the Asian Development Bank (ADB). Each of them is expected to provide long term credit of around $20 million at very attractive terms.



Ghosh: financing pattern to be worked out

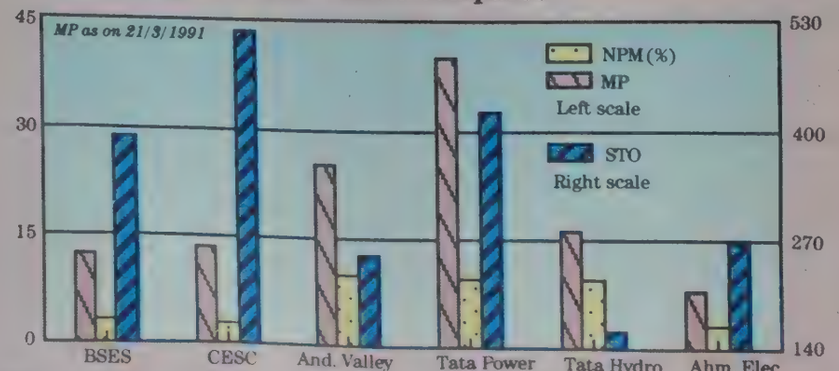
The balance will be raised through contributions from the financial institutions and through a public issue. "Rs.2,600 crore is quite a lot to invest for a single company," Sanjiv Goenka says. "What is really of immediate consequence is a firm policy by the government if private sector companies are to benefit in any way at all and maintain a healthy operating profit."

A lot too, will depend ultimately on how well the Goenkas manage to steer the company through its various plans for expansion, keeping deadlines in mind. So far, the proposals for expansion have the full support of the 13,000 strong workforce. "Far from redundancy, our workforce is likely to be fully utilised," says Ghosh. CESC, however, will have to think out clearly about its future fuel requirements. "At present all its plants are coal-based and the quality of coal CESC manages to buy leaves a lot to be desired," says the TEC official quoted earlier.

As a pioneering electricity company, CESC is likely to witness several upheavals in the near future as the company gears up to take on more competitive challenges in a changing industry. But a locational advantage — West Bengal's power woes are only too well known — and the backing of a powerful industrial group should augur well for the company in the future. ■

MADHUMITA BOSE

Power companies: how CESC compares



	BSES	CESC	And. Valley	Tata Power	Tata Hydro	Ahm. Elec
EPS	10.29	7.82	238.52	195.13	201	36.85
MP/P/E	6.8	5.9	4.19	5.8	4.85	14.8

All figures for year-end March 1990 (Rs crore)

STERLING COMPUTERS

Going for the big time

The company is striking out into areas totally unrelated to computers. It plans to promote large joint ventures with TIDCO, which include a nitro aromatics enterprise and a titanium dioxide unit. Chemical industry watchers, however, are not impressed

C. Sivasankaran, the 35-year-old chairman of the Madras-based Sterling Computers Ltd, manufacturers of Siva PCs, is facing possibly the most critical phase of his professional life. The personal computer (PC) segment, in which his company made rapid strides in the last five years, is going through a sluggish phase. It finished with a turnover of Rs.60.10 crore during 1989-90 and made a profit after tax of Rs.5 crore. It sold 12,945 PCs compared to 7,755 the previous year. However, by Sivasankaran's own admission, 1990-91 is not going to be spectacular. "We have sold more PCs compared to last year. But prices have come down and margins have been squeezed. So our turnover is likely to remain the same," he says.

Thinking big

At this crucial juncture, Sivasankaran has finalised his diversification plans which are totally unrelated to the electronics industry. And he is not thinking small. He is promoting joint sector projects with the Tamil Nadu Industrial Development Corporation (TIDCO), which include a Rs.130 crore nitro aromatics venture, a Rs.42 crore tungsten metal powder plant, and a Rs.250 crore titanium dioxide unit. Another diversification which is taking shape is a real estate project which, if Sivasankaran is to be believed, will be a middle class dream come true. And this is expected to cost around Rs 200 crore.

There are many sceptics who feel that Sivasankaran's plans are mere hot air. It is said that he has over-reached himself and is planning to get out of the computer business. Chemical industry sources raise their eyebrows and say that Sivasankaran has possibly landed himself with propositions which may not be all that viable. Besides, an air of mystery surrounds the real estate project.

Sivasankaran is amused by these criticisms. "I think it is in my horoscope that I always have to confront rumours about my intentions," he laughs. "I will never get out of the computer business. I like taking quick decisions, I enjoy learning new things, and the business is full of thrills. It is entirely suited to a creative entrepreneur like me," he adds.

An unsophisticated young man with no background in the electronics industry, and who had burnt his fingers earlier trying to sell Osborne word processors, Sivasankaran burst on the PC scene in 1985. Thanks to his pricing, which was considerably lower than that of his competitors and his ability to deliver on the same day, the Siva PC was an instant success. Sivasankaran's sourcing became his strength and he started supplying to many original equipment manufacturers as well. With his low overheads, he was able to thumb his nose at the more established manufacturers like Wipro, HCL, and others. On their part, computer industry watchers have all along felt that sooner or later, Sivasakaran's strengths would become his weakness in a market which is growing increasingly complicated.



Sivasankaran: a touch of flamboyance

Says an industry source, "How can you build a business on price alone? There is nothing else to Siva except good price and good delivery. The computer industry can no longer be treated as a mass producer of consumer durables. It is now getting more and more sophisticated. Concepts like local area network (LAN) are catching on. Only the manufacturer who can go in for total solutions (offering hardware, software and allied services) will grow." He feels that Sivasankaran is still not paying attention to after sales service and marketing.

Right strategy

Sivasankaran is convinced that there is nothing fundamentally wrong with his strategy. He thinks it is no big deal to offer LAN to his customers. "If that is what they want, they will get it from me," he declares.

Now that there is no great price difference between the various PCs, Sivasankaran has come up with his own innovative ideas to counter competition. He is offering a five-year warranty for his Siva PC. His contention is that many manufacturers make a lot of money on maintenance contracts. Instead of going in for this, a five-year warranty will give him a distinct advantage.

While this may be dismissed as a mere marketing gimmick, Sivasankaran points out that he has been strengthening his production process and is introducing new products into the market. Says J. Vijay, Sterling's director in charge of production, "There are certain gaps in Sterling's production facilities but nothing of significance. At the same time, there are also a number of areas where it is better than others."

Sterling is in the process of introducing Fujitsu 24 wire DL3400 printers into the market. The company plans to sell 10,000 printers in the first year. Sources in Ster

ling claim that there is no match for this product in India. Certainly competitors like L & T and TVS Electronics are looking at the printer with interest. They do not deny that it is a good product. However, they say that Sivasankaran's success in this area will depend on his capacity to indigenise the product, which they feel he will not do.

Vijay thinks differently. "We have tied up with Fujitsu to produce 50,000 keyboards. Also on the anvil are work stations. Sterling is integrating itself vertically and will be offering a much broader range, and with lots of efficiencies built in. We are investing about Rs.2 to 3 crore for all this. By 1991-92, the turnover from computers should be around Rs.125 crore," he says.

The nitro aromatics project had been lying around with TIDCO for a number of years with no takers. Companies like the public sector Madras Fertiliser Ltd and private sector Thiru Arooran Sugars did examine the project, but did not pursue it. They did not find the package, as TIDCO offered it then, very attractive.

Integrated project

But Sterling was able to secure an integrated project, which consists of ammonium nitrate (30,000 tonnes), weak nitric acid (36,000 tonnes), concentrated nitric acid (6,000 tonnes), aniline (10,000 tonnes), aniline derivatives (5,000 tonnes), and the ammonia terminal to be located near Tuticorin in Tamil Nadu.

According to R. Sivasailam, director in charge of implementing the diversification plans, the company has studied this proposal carefully and is convinced that it can make a success of it. The technology for ammonium nitrate and nitric acid has been tied up with Norsk Hydro of Norway. "We are in an advanced stage of tying up the technology for aniline and its derivatives," says Sivasailam.

The most attractive part of the package and the money spinner is aniline and its derivatives which are essential raw materials for pharmaceuticals, and are used in the processing of leather, the manufacture of rubber chemicals, and in the paint industry. The tungsten metal powder (500 tonnes per year) project is coming up in Cuddalore, Tamil Nadu, and is expected to go into production by the end of 1992. "This is a strategic intermediate which will be manufactured for the first time in the country and has applications in lots of industries," states Sivasailam. The titanium dioxide project is likely to take about two years before it gets going. This is because the government has to first put up the beneficiation plant.

Strong financial position

How is Sivasankaran going to fund all these projects? "It is not a problem, as it is made out to be," says Charles Chacko, finance manager, who has been with Sterling since 1986. According to him, Sterling is in a very strong financial position. The company went public in 1989. The share was given a Rs.15 premium and was oversubscribed 15.25 times. "On a paid up capital of Rs.5 crore, we have reserves worth Rs.18 crore and our net worth is around Rs.24 crore. It is foolish to use this for short term purposes. According to the share holding pattern, in the joint sector projects we have to bring in only 25 per cent of the equity. We have already bought the land for the real estate project and the rest of it is self-financing," Chacko explains.

In 1990, Sterling got 'trading house' status from the minstry of commerce. Although the company's export performance in the areas of computers itself is expected to be disappointing in the current fiscal year, it has managed to ship out diverse commodities like textiles and food products. "I will export anything that brings in foreign exchange from shrimps to rice husks. This does not mean that I will not be exporting computers and parts. I will enter the American market in a big way and will end up exporting to 70 countries this year," Sivasankaran says with his customary bombast. Failures do not worry him. His export turnover during 1987-88 touched Rs.22 crore. It fell to Rs.2.7 crore last year. "I will get back with a bang," he says.

This touch of flamboyance characterises all his plans. "I am going to provide high style living at a reasonable cost. This will be Sterling's contribution to the city of Madras," says Sivasankaran grandly about his dream housing project. He has already acquired 50 acres (at a very reasonable price according to Sterling sources) on the outskirts of Madras.

Making friends

Sivasankaran has the enviable quality to win friends and influence people in the most unlikely places. His friendship with liquor baron Ramaswamy Udayar did not stand in the way of Sterling getting joint sector projects during the DMK regime, when the DMK cannot abide Udayar as he was a close associate of MGR.

Another criticism directed against Sivasankaran is that he has not bothered to build up an organisation. He himself feels otherwise. Professionals have been appointed in key areas like production, accounts, stores and inventory. He hopes to get a senior person in marketing (a weak area) soon. But professionals who join Sivasankaran have to get used to his style which can be only described as unconventional.

Sivasankaran is a man the computer industry loves to hate. People predict his downfall periodically. Will he emerge as a maverick tycoon or remain a mere Johnnie-come-lately?

■ SUSHILA RAVINDRANATH



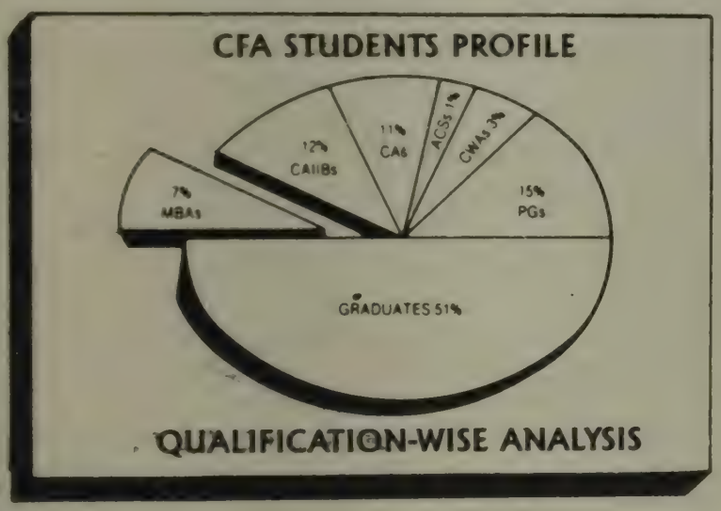
Siva PC assembly line: an instant success

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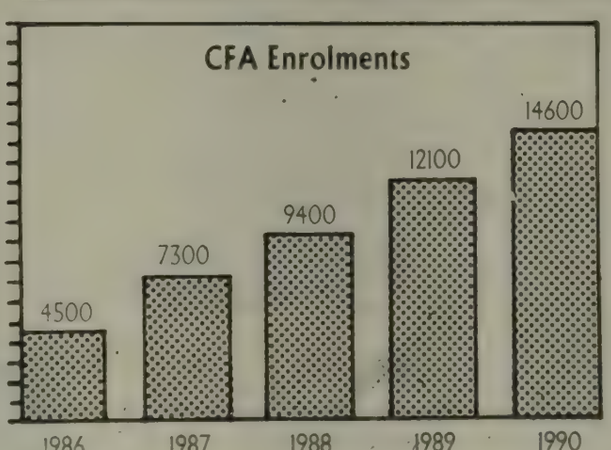
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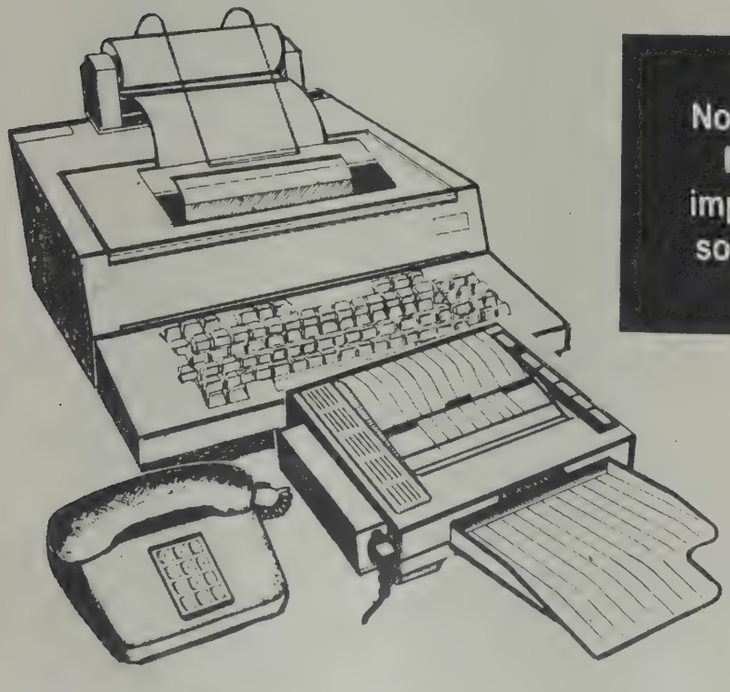
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SREE RAYALASEEMA

Insulating input costs

The capital-intensive caustic soda industry is thriving as end user industries grow. But problems with inputs has forced this company, the newest in the industry, to draw up plans to control input cost and increase profitability margins to gain an edge in the market

Being an industrial raw material, the demand for caustic soda depends on the growth of end user industries like paper, aluminium, textile soap, vanaspati and rayon. Between 1979 and 1983, however, demand for caustic soda from these industries had stagnated at around 600,000 tonnes a year. But, expansion activity started earlier, on the basis of optimistic pre-1979 demand estimates, had continued. As a result, a wide gap emerged between capacity and demand towards the end of the period. Capacity utilisation fell to between 65 and 70 per cent. And all these woes of the caustic soda industry was further compounded by the substantial and cheaper imports allowed under the open general licence policy.

But thereafter, things changed. As an industry observer says, "Fortunately for the industry, in early 1986, the government decided to include import of caustic soda in the canalised list. Then, in March 1987, it was shifted to the restricted list. This really helped the ailing industry to look up. The growth in offtake, which was a mere 6 per cent till 1987, moved up by 4 points in the very next year."

Licence in hand

Quick on the uptake in mid-1986 was T.G. Venkatesh, chairman and managing director of Sree Rayalaseema Alkalies and Allied Chemicals (SRAAC). This is a low profile Hyderabad-based company now engaged in the manufacture of caustic soda, liquid chlorine, hydrochloric acid and barium sulphate. The company was, at that time, holding a licence for caustic soda manufacture. Venkatesh drew up plans for a Rs.23-crore caustic soda plant, with an installed capacity of 22,440 tpa.

In August 1986 the company approached the public with a Rs.4.33-crore equity issue to finance the project. Even though, at that time, the industry was just about emerging from slack conditions and recovering from the onslaught of imports, both the enterprising promoter (then 35 years old) and the public he approached for equity funds were extremely confident about the project. Not surprisingly, the issue was oversubscribed five times.

Besides being capital-intensive, caustic soda manufacture is dependent on two vital inputs: industrial grade salt and power. Though prices of both have been rising over the years, better offtake by end user industries has helped all units (except Modi Alkalies) report substantial improvements in their margins. This was due to increasing selling prices.



Venkatesh: quick on the uptake

All in all, things were going well for the industry by 1988. SRAAC commenced commercial production in August that year. "From day one, the plant achieved 100 per cent capacity utilisation. The eight months of operation in that financial year ended with sales of Rs.11.14 crore and a net profit of Rs.78 lakh," says Venkatesh. There has been no looking back since then.

Within 18 months, the company increased its caustic soda capacity by 30 per cent to 30,000 tonne per annum. This cost Sree Rayalaseema Rs.4 crore, financed equally by internal accruals and loans from financial institutions. And now, according to M.T. Sreenivasa Rao, financial advisor to the company, "Based on the past 11 months' figure, the company is certain to cross sales of Rs.24 crore for the year ended March 1991. EPS will be about Rs.2.30 on the equity of Rs.7.74 crore."

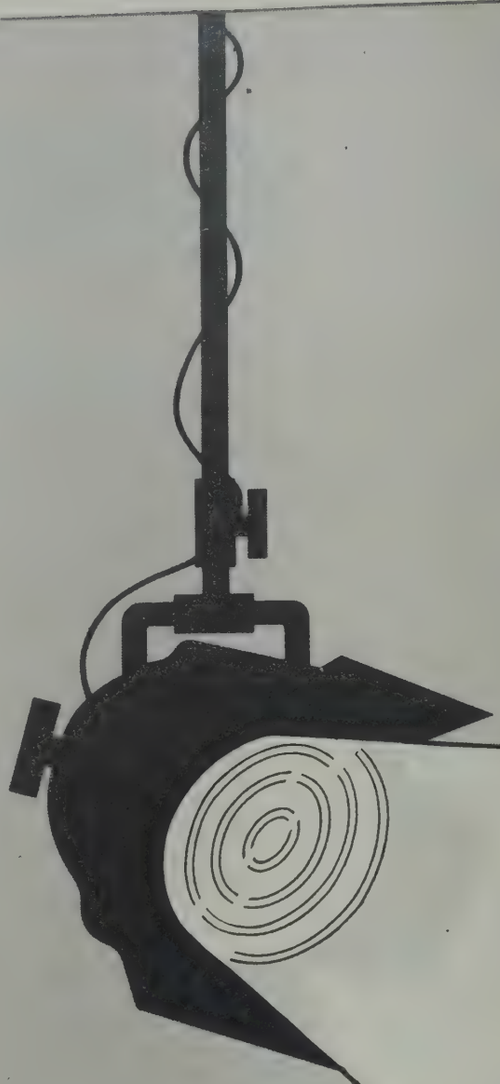
Severe power shortages

The company's plant is located at Kurnool in Andhra Pradesh, a state which has been reeling under severe power shortages since 1985. For an industry where power constitutes 70 per cent of the total input bill, that is bad news. But SRAAC has, to a certain extent, managed to reduce the impact of these power cuts through its modern manufacturing technology. The company uses the superior membrane technology, the first in India to do so. P.R. Mohan Rao, general manager, technical, says, "The savings in power consumption by the membrane technology is around 30 per cent compared with the other processes used in India. Besides, it is pollution free."

The government has now directed that all future additions to capacity must incorporate only the membrane process. Currently, besides SRAAC, only Chemfab and part of Gujarat Alkalies' capacity use this technology. Says Venkatesh, "The power cuts in AP between 1987 and 1989 ranged between 35 to 40 per cent. We were able to tide the problem over by utilising the hydrogen released during process to generate the shortfall of power." He adds, "However, as we expand production of caustic soda by 15,000 tpa and diversify into the manufacture of 15,000 tpa of chlorosulphonic acid and 30,000 tpa of sulphuric acid, the power consumption will increase."

Venkatesh realises that, now, when the industry is thriving and manufacturers are raking in profits, it is important for individual companies to control input costs. Also, they must expand and diversify in order to sustain improvement in performance in the coming years.

In keeping with this, SRAAC, the most recent entrant in the caustic soda industry, is again tapping the capital market to raise Rs.3.26 crore. Of this, Rs.1.07 crore



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will be used to insulate the company against the vagaries of the power situation; this includes both loss of production due to power cuts and the high cost of power. The company is offering equity shares in the ratio of 42:100 on rights basis at par against the current market price of Rs.22 (1990 high Rs.40; low, Rs.13).

To take care of additional power requirements and to tackle the frequent power cuts of the Andhra Pradesh State Electricity Board (APSEB), SRAAC has installed diesel generator sets to produce 3 MW captive power. The installation of capacity for another 4 MW is in the pipeline.

No restrictions

In addition to this, the company has made arrangements with the Andhra Pradesh Gas Power Corporation (APGPC) to procure 4 MW of gas-based power by participating in the corporation's equity. According to Venkatesh, supply of power from APGPC is not subject to any usage restrictions. Thus, the company will be self-sufficient in power even during periods of severe cuts by APSEB. Besides this APGPC's tariff rate at Re.1 per unit, is 40 per cent cheaper than APSEB's. This alone will account for a saving of Rs.1 crore annually.

"While we have already started receiving APGPC's gas power since March 1991, the expansions would be completed within 18 months from now (mid-1992)," says Venkatesh. The effect of the two factors should be reflected in the company's results of 1991-92. "By then, we estimate an EPS of Rs.6 on the expanded equity of Rs.11.65 crore after the rights issue," says Venkatesh.

As a hedge against any scarcity in the other major input, ie, salt, Venkatesh has acquired a 50 per cent stake in the Martha salt unit in Tamil Nadu. He says, "This unit produces 50,000 tpa and SRAAC has tied up with Martha for firm supply on a long term basis."

While on the production, sales and profit fronts SRAAC has been a star performer year after year, foreign exchange and related problems have remained a major stumbling block. The company contracted for the imported component of plant and machinery in 1985-86. At that time, the customs duty applicable was 45 per cent. However, when the plant and machinery landed at the Madras port in 1987, the duty was doubled to 90 per cent. "This resulted in an increased project cost by Rs.9 crore from Rs.23 crore," explains Venkatesh.

The foreign exchange loans taken from financial institutions is repayable in Indian currency at the rate prevailing at the time of repayment. And with the rupee depreciating faster than expected, the company's repayment scheduled for eight years earlier has now been increased to 14 years.



The Kurnool plant: battling power cuts

Methanol plant

Meanwhile, Venkatesh has drawn up plans to float another company within the next two years. Styled Itachi Petrochemicals, the plans is to put up a Rs.110-crore plant at Kakinada in the East Godavari district to manufacture 100,000 tpa of methanol, a basic alcohol feedstock for manufacture of formaldehyde, besides drugs and pesticides.

A noteworthy feature of SRAAC as against its competitors, will be its sulphate recovery plant. Sulphate is an impurity in salt and form 50 per cent of the sludge, which manufacturers throw away. In SRAAC, 2 tonnes per day of sulphate is recovered from 4 tonnes of sludge. This is mixed with barium carbonate to produce barium sulphate, an import substitute used in photo films, storage batteries and tanning.

For the time being, Sree Rayalaseema's position in the industry is safe. According to the Alkalies Manufacturers Association of India (AMAI), no new grassroots projects are planned. Among the deterrents for new entrants is the fact that caustic soda plants are capital-intensive and have gestation periods of upto three years before they can go on stream. As per AMAI estimates, at current prices, it could cost around Rs.50 crore to set up a 100-tpd plant.

Better still, for Indian manufacturers like SRAAC, production of caustic soda is gradually being phased out in western countries due to strict environmental laws. "This gives Indian manufacturers a good chance for exports," comments the AMAI.

However, according to a market source, the downside is that in the short run, there is a chance of a recession setting in, following the Gulf war. Caustic soda being a derived demand product, it is directly related to general industrial production. The general downtrend emerging in the economy can be expected to have an adverse reaction in the industry. But if Venkatesh and his team at SRAAC play their cards right, as they have in the past, this will be a relatively easy hump to get over.

■ LANCELOT JOSEPH

CEMINDIA

Low-profile pioneer

This specialist construction firm which has performed quite steadily over the years, is now planning to expand and diversify

When Bhabha Atomic Research Centre (BARC) wanted a one kilometre jetty to be built on piles, using the precast concrete system for better weathering sea water damage, it chose Cemindia to do the job.

The port authority at Paradip chose the same company when they embarked on an expansion programme for a cargo berth capable of handling ships upto 40,000 DWT. Cemindia was contracted to construct a pile-supported deck and diaphragm walls (the construction of vertical walls to prevent the ingress of water during deep excavation and holding the surrounding ground in place).

The company has also constructed diaphragm walls, albeit with a different technique, for Calcutta's underground Metro.

So specialised are the company's operations that even a single type of work has various applications and the techniques for executing it can also vary. So, it is no wonder that when the work requires ground level or below the ground ministrations, Cemindia is one of the names thought of. In fact, the company's chairman and managing director, M.R. Punja introduces his company thus: "Cemindia makes any ground a fit place to build on."

Cemindia came into being about half a century ago but it is relatively unknown outside the construction industry. In the late twenties, Cementation Company plc, UK, was contracted to carry out some offshore work in India. The company realised that the demand for such specialised consultation would increase and so set up its Indian branch in 1931. This was converted into an Indian public limited company in 1978 and was christened Cemindia Ltd. In 1979, Cemindia floated its first public issue. However, 51 per cent of the equity capital is held by Cementation UK, giving the Indian company a FERA status. About 6 per cent of its total Rs.1.28 crore equity capital is held by the Unit Trust of India and the General Insurance Company, the balance being with the public.

Informal management

Cemindia is allowed 51 per cent foreign equity under FERA as it uses sophisticated technology which is capable of catering to a range of industries including construction, transport, mining and power. It has a very informal management style. "We have an excellent management information system that enables us to monitor our procedures, costs, progress, on a continuous basis," says Punja. He is a civil engineer whose association with the company has spanned two decades. Even today senior management personnel, including Punja, visit major work sites on a regular basis.

On the financial front also the company has done well. Turnover has grown four-fold from Rs.5.2 crore for the year ended September 1980 to Rs.23.06 crore for the year ended March 1990. Of course, there was a period in the mid-eighties, like the year ended September 1985, and, then again, the 18 months ended March 1989, when sales dipped as low as Rs.20.8 crore and Rs.17.3 crore (annualised), respectively.

The fluctuation can be attributed to many causes, such as cases where a contract has overrun its time-frame resulting in extra costs to be fitted in within the original contract price, points out M.G. Ranade, Cemindia's financial controller and company secretary.

Gross profit as a percentage of sales has shown a steady decline over the last five years from 15.52 per cent for September 1986 to 11.79 per cent for the 18 months ended March 1989 to 9.6 per cent for March 1990. The net profit percentage has however been steady at around four points of sales except for March 1990, when it declined to 3.15 per cent.

Punja explains this away as the vagaries of his trade. "Uncertainty is inherent in the industry. Ours is a special activity depending upon the clients' needs, there is no continuous flow here as in the case of manufacturing concerns," he says. However, there is one positive factor which cannot be ignored. "In our type of work the actual value of the contract may not be very high but its intrinsic value is much higher," says Punja. "And this is reflected in those instances when even while turnover has gone down, profitability remains unaffected."





Piling work in progress and (inset) *Punja: "Uncertainty is inherent"*

High real value

Adds Ranade, "It depends on the type of construction. If we have to use less material or if the government supplies us with the requisite cement, steel, etc, the real value of our job is almost doubled."

As much as 80 per cent of Cemindia's work is undertaken for the government or public sector

undertakings. Whilst such jobs reduce the risk element in terms of payment for the job, the government agencies are notorious for late payments. "Extracting payments is our only problem," agrees Punja. "At the same time, it is difficult for us to reduce our dependence on government clients".

However, Punja declines to comment on whether or not good margins could be obtained from government contracts. "It is difficult to generalise because most of our work is obtained after a lot of competitive bidding," he says. Nevertheless, he admits that working for the private sector is preferable as it entails better working conditions on the whole.

Cemindia's private client portfolio includes corporate sector giants like Tisco and Reliance (for whom the company has done a lot of work at their Patalganga plant).

Good track record

L.R. Chawla, a leading Bombay-based contractor, associated with the construction of the Oberoi and Leela Kempinski hotels agrees with Punja on the issue of competition and pressure on margins. "In the whole construction industry, margins depend on the demand. In tough times, good companies can manage to keep their heads above water and when the going is good they can name their price," says Chawla.

Chawla is full of praise for Cemindia, and describes it as a very well-managed company with a good track record. "It is one of the best companies in the business and can easily rub shoulders with Afcons which is its only competitor," he opines.

At present, the company is working at a site in Kandla where it is using the unique vibroflation technique which strengthens clayey soils, rendering the ground capable of supporting foundations for oil tanks. The same technique can be applied for strengthening dam embarkments or foundations for buildings.

The company has taken up prestigious projects for the railways in New Delhi. By employing the pipe-jacking process, Cemindia is widening the road beneath rail overbridges. The technique involves the construction of an underground passage whereby the work can be done without disrupting regular traffic overhead. These techniques, unique to the company, have proved to be Cemindia's strengths. "Through collaboration with our parent company and indigenised innovations, we have developed many new techniques in our field," says Punja proudly. The company's long portfolio of firsts includes the vibro stone column, jacked piles and quick grouting techniques.

It is its pioneering status that has kept Cemindia moving. Which is why even when the results for the half year ended September 1990 (turnover Rs.9.46 crore) are lower than earlier years', Punja expects "satisfactory" results for the full year. A point in the company's favour is its knack for good fund management which has resulted in steady interest costs and a low debt-equity ratio. The company's free reserves at Rs.8.58 crore compare well with its low equity base of Rs.1.28 crore.

Investor ignorance

Cemindia's share price has been stagnating around Rs.100 for some years. This is low considering the company's book value of Rs.77. One of the reasons for the lack of interest in the scrip is the lack of investor awareness. Many brokers, when asked about the company, admitted having no knowledge about it and the few who had heard about it gave a vague remark: "It's a steady share," displaying a certain amount of ignorance regarding the company and its line of business.

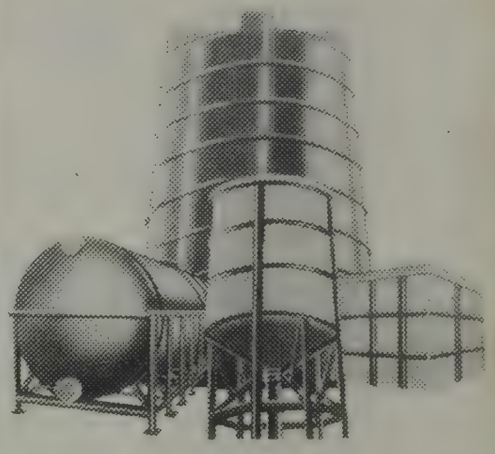
To date, the company has issued a bonus only once (ratio 3:5), in 1984. It has been a bonus candidate for the past two years but when questioned about it Punja countered with, "Isn't it better to service present capital well and give higher dividends on it than a lower dividend on increased capital?" However, he does not rule out a bonus issue. But his main concern is capitalising on the niche position that Cemindia has created for itself in the construction industry.

Punja won't reveal Cemindia's plans though he admits that expansion and diversification programmes are on the anvil. However company policy seems to be one of sticking to its knitting. Says Punja "We will confine ourselves to our specialist activities. Our main thrust will be to diversify in our own field by introducing new methods and going in for greater mechanisation."

Such an expansion will entail a good deal of capital expenditure and chances are that a couple of years down the road the company will approach its investors to fund its expansion plans. The future seems promising for the company. One may well see a rise in both turnover as well as share price, a few years hence.

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MODI INDUSTRIES

Sending out an SOS

Neck deep in the red, this one-time premier company of the Modi group has turned to the BIFR for help

Modi Industries Ltd — the one-time flagship of the Modi Group — is in the throes of a financial crisis. Having recorded a cumulative loss of Rs.23.03 crore till 1989-90, the company, according to insiders, is falling deeper into the red, with an estimated loss for 1990-91 of Rs.31 crore.

With no free reserves on hand and having eroded its paid-up equity of Rs.3.55 crore several times over, the Rs.204 crore turnover company is now visiting the Board for Industrial and Financial Reconstruction (BIFR) for a possible bail-out.

Modi Industries came into being in 1932 with a sugar unit put up by the Modi family patriarch — the late Gujar Mal Modi. It soon expanded into other fields, setting up units manufacturing sugar, steel, vanaspati, soap, paint, lanterns, gas, liquor and electrodes. While the company's turnover increased steadily to reach Rs.204 crore in 1989-90, its profit before tax for virtually two decades has remained in the Rs.one to two crore bracket.

Modi Industries, however, shored up its reserves, touching a peak of Rs.23 crore in 1986. Meanwhile it served as the promoter company for the other Modi giants — having helped promote Modipon in 1968, Modi Rubber in 1972, Modi Alkalies and Chemicals in 1984 and Bihar Sponge Iron Ltd in 1988.

Rough weather

After renouncing its status of flagship company to Modi Rubber Ltd, Modi Industries' nine units drifted along till 1986-87 when they ran into rough weather. Profit figures, earlier negligible, nosedived into the red, and reserves plummeted. The company recorded a loss of Rs.8.84 crore in 1988-89 and followed this with a further loss of Rs.14.17 crore in 1989-90, paving the way for its entry into the BIFR's corridors.

The downslide of Modi Industries coincidentally began with tremors within the Modi family over separation of assets, which finally led on a controversial division. The effect on Modi Industries of this altercation was far reaching. Its nine units went under the independent control of three different families and, overnight, it acquired three managing directors — Madan Lal Modi (overseeing the distillery unit), Umesh Kumar Modi (having control of the sugar and steel units) and Mahendra Kumar Modi (supervising the rest). The chairmanship was surrendered to the financial institutions.

Last year, the company, apart from its losses, owed Rs.58.2 crore in mortgaged loans (inclusive of interest accrued) and a further Rs.37.6 crore to sundry creditors. Its net fixed assets, on the other hand, were evaluated at Rs.36.8 crore. Further, the company has defaulted on paying interest on debentures for over three years.



U.K. Modi: division tremors

Company officials prefer not to comment on the company's misfortunes. "We have told BIFR what went wrong and we are hopeful of turning this company around," is all Mahendra Kumar Modi (K.N. Modi's son) will say. (He is interfacing with BIFR for Modi Industries.) A BIFR official who requested anonymity, however, said the management was told to sell its assets — primarily its holdings in other Modi companies — before seeking more help from financial institutions.

The real worth of Modi Industries is its investments, valued at historically low values, in newer, more profitable companies. Modi Industries today holds 700,000 equity shares in Modipon Ltd, 800,000 shares in Modi Rubber Ltd, 6,30,000 shares in Modi Alkalies and Chemicals Ltd, and 20,00,000 shares in the equity of Bihar Sponge Iron Ltd. With the values prevailing in the market today, the company can capitalise this asset to the tune of some Rs.18 crore. Among these companies Modi Rubber and Bihar Sponge Iron are today in the hands of the G.M. Modi family, while the other two are with the K.N. Modi family.

Modi Industries' holdings have been the bone of contention between warring sections of the Modi family, and disposing of them as per BIFR's instructions will not be so easy. While the G.M. Modi and K.N. Modi families have apportioned the group's companies among themselves, a valuation of the assets of the individual companies is underway and has to be completed before a final separation of assets can be worked out. In the meantime, both families are keeping an eagle's eye on the existing share distribution and appear wary of any change in the share holding pattern. However, as far as Modi Industries is concerned, the investments that this company has made is the only treasure in its chest which can help alleviate its liability burden.

Of Modi Industries' nine units, just three — sugar, vanaspati and distillery — are performing well in terms of capacity utilisation. These together accounted for 55 per cent of the company's turnover in 1989-90. According to reports, while the steel unit contributed Rs.56 crore to last year's sales, its books showed a hefty loss. The other units — paint and varnish works, lantern, gas and chemicals and arc electrodes — are contributing meagrely to turnover, adding in good measure to its piling losses.

At a meeting with BIFR officials on 14 March, the company's management sought to secure further loans; these were not granted, on the ground that the company already had its assets mortgaged to the tune of Rs.58.2 crore. The company's plea that an infusion of capital to modernise some of the units would turn it around also got a negative response from BIFR, which stuck to its stand that Modi Industries first dispose of its holdings and some fixed assets to get its head out of the water.

With the Modipon share quoting at between Rs.95 and Rs.100 and with Modi Rubber standing at Rs.64 in the market, there will be no dearth of takers if their total of 15,00,000 shares are dumped by Modi Industries. The management wants to somehow avoid this step, but as a BIFR official puts it, "it's time for some tough decisions. The only way out for Modi Industries would be to capitalise its assets." ■

R.S. VENKATESH

BPL

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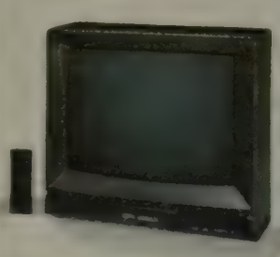


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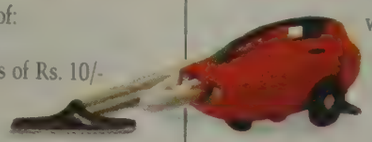
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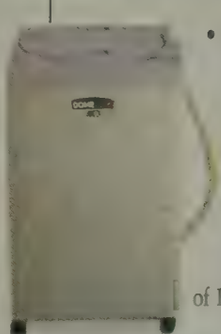
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ISSUE OPENS 10th APRIL 1991

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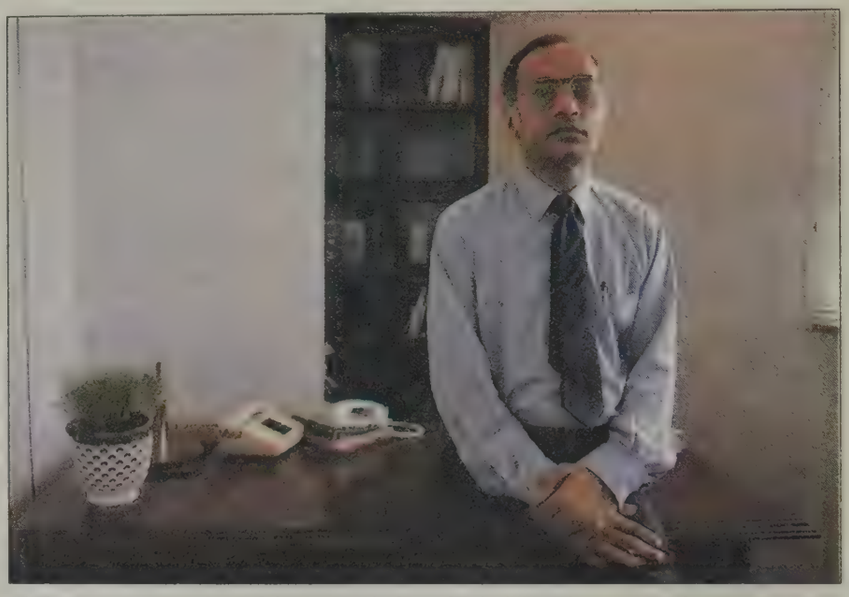
DATE: 1941 — 1991

HARDWARE EXPORTS

Stymied by controls

Computer vendors know they have to export or perish. The information technology industry worldwide is import-intensive. Not a single country manufactures all the components and sub-assemblies that make a computer system. So, it needs foreign exchange to pay for imports. Given India's precarious balance of payments position, it is unrealistic to expect unrestricted imports. "Therefore, to import components the industry must earn foreign exchange. And the only method is by exporting," says Rajendra Pawar, president of the Manufacturers' Association of Information Technology (MAIT).

The value-added component — which was 25 per cent — has been reduced to 15 per cent for exports to general currency area (GCA) countries on a selective basis. Suresh Bansal, marketing director of Microedge Tech, a Bombay-based hardware exporter, points out, "Taiwanese companies operate on a value-added component of 3 per cent and we have to compete with them on prices. At 15 per cent to GCA countries we are on better footing."



Mehta: exporters' problems mainly administrative controls

Gearing up to reach the target of Rs.1,000 crore by 1993, the computer hardware exporters are focusing on the GCA countries. Last year, however, India exported Rs.258 crore worth of computers and related products and will close the current financial year with a similar figure — still far from the target.

Low growth rate

A stagnant domestic market is another reason why vendors have begun to look for new avenues outside the country. Until this year, the market here had been growing at a galloping pace. But higher input costs and lower prices slowed the growth rate to a mere 10 per cent.

Exports of fully assembled computers and sub-assemblies — keyboards, monitors, floppy disc drives — started in 1985 with Rs.34.5 crore worth of exports to Russia. "The real growth took place about two years ago when trading and export houses received large orders from Russia," says Bansal. "Almost every computer vendor received a Russian order. This had many advantages, the unit realisation was higher, it met the export obligation and included tax free profits." These exports were made on a bilateral basis to rupee currency areas. Exports grew and in 1989-90 the exports of Rs.258 crore was achieved with as much as 60 per cent to rupee currency areas.

But compared to the Taiwanese, who are considered suppliers to the world, this performance is dismal. In 1989 the exports from South-East Asian countries to general currency areas was a whopping $40 billion, of which India's share was minuscule. Says Pawar, "Most of these companies that are exporting today operate out of a small cubbyhole. They import raw materials, apply labour and skills, look for niches, focus on them and export." Today two companies which started as OEMs — Acer and Mitec — have launched products with their brand names in the US markets.

In India the exporter faces a maze of controls. Bharat Mehta, chairman of hardware panel of the Electronics and Computer Software Export Promotion Council (ESC), says, "We compiled a list of problems exporters faced: 90 per cent are administrative controls." Others lament the bureaucratic controls. Says Pawar, "A foreign buyer needs delivery within 30 days. By the time an exporter acquires licences and obtains foreign exchange, three to six months have gone by." Raj Saraf, managing director of Zenith Computers, says, "Duty drawbacks offered by the government take a long time in coming. There is too much paper work. We lose 1.5 per cent per month on interest charges and this adds to the cost."

Pertinent queries

What strategy should India adopt? Which products should be exported? Pawar suggests answers: "The object is first to sell to manufacturers on an OEM basis. India has the engineering talent. We can procure the same raw materials the Taiwanese do and manufacture a product for the export market." Bansal suggests a different tack. "We can focus on products from which the Taiwanese companies are moving out and fill the vacuum for low-tech products like monochrome monitors, XT and AT boards," he says. He sees another trend in India's favour: "The currency and cost of labour in countries like Singapore, Taiwan and Hong Kong are rising. With the rupee dipping every day, our products should soon be more competitively priced."

Identifying niches and going after them is the strategy adopted by Sum Electronics. The company recently signed a memorandum of understanding to provide a Unix (operating system) terminal to an American terminal manufacturer. Says Mehta, "The question is, can India sustain designing and manufacturing these products?"

India's drive to export computer hardware to GCA countries has just begun. Both ESC and MAIT have plans to push exports and have raised the issues of government policy and procedures. MAIT has put forth three recommendations: blanket advance licence for exporters; a simpler procedure to obtain forex; and empowering the exporter to transfer export benefits to domestic suppliers. The ball now is quite jerky in the government's court. Notwithstanding the foreign exchange crunch, industry and government are well aware of the hurdles and are keen to resolve them.

■ AROON SARKER

The activity analysis advantage

The chief executive of a leading industrial pumps company was astounded by the unexpected profit figures presented to him. He had been satisfied with his sales and manufacturing operations. Although bulk manufacturing of the company's core product had declined due to surprisingly strong competition, it had successfully added several new niche products which had gone down well with customers. Sales were up and manufacturing capacity was completely utilised. Inexplicably, profits had fallen.

A strategic cost analysis revealed that the traditional accounting system was the culprit: it did not provide the right signals on increased cost of product diversity. By using a direct labour hour basis of absorbing overhead, allocation of cost to the core product was much more than it caused. The new, more complex products, were under-costed and under-priced.

In today's competitive environment, total product related costs need tracking. Activity analysis is a management technique that many companies have been using in recent years to obtain a competitive advantage.

Understanding business operations

The first step in understanding the profitability of different products is an analysis of the basic business operations. All principal activities — ordering raw materials, materials movement, setting up machines, production planning, maintenance, inspection, distribution and after sales service — are first clearly identified and the cost of resources consumed by each activity is estimated. This forms the basis for product cost estimation and value chain analysis.

Most traditional costing systems allocate costs to products on the basis of measures such as labour hours, machine hours and material costs. In reality, most costs are 'caused' by other factors. For instance, machine set up and supervision costs in an extrusion shop depend on the complexity of the cast. The cleaning cost in a print shop depends on the number of colours required. Clearly, jobs involving multiple colours would absorb more costs per unit.

Traditional costing methods, however, allocate proportionately more costs to higher volume products even if they are simpler to make and demand less activity resources. The critical step here is identifying the appropriate cost drivers to relate costs from activity centres to products. With such activity based costing, managerially important factors such as excessive material handling, process complexity causing work-in-progress, build-ups, varying set up time and yield variations show up as components of product costs. In many companies, marketing and production managers are aware that their accounting system gives distorted product costs. What they are most surprised by is the magnitude of these cost distortions. In a protected market, such distortions lead only to lower profits. In a competitive environment it may threaten the very survival of a company.

Eliminating wasteful activities

Activity analysis also makes it possible to evaluate activities and classify them as "value adding" or "wasteful". For instance, inventory is treated as an asset by almost all accounting systems. Actually, inventory build-up indicates inadequate planning or sub-optimal production set ups. Managers must then translate this information into actions such as recasting the order quantities and speeding up production flow.

Activities such as moving, storing, waiting and reworking are inherently wasteful. The principal precepts of world class manufacturing methods, including total quality control and just-in-time inventory, involve elimination of such wasteful activities. Companies that initiate aggressive investment in time and resources in reorganising their operations to eliminate waste can compete more forcefully.

Managerial response to large set up costs used to be large batch sizes and consequently inventory build-ups and long delivery times. Japanese manufacturers gained important competitive advantage by reducing set up costs — the fastest erected Mc Donalds Restaurant was put up in Tokyo in less than two days instead of the normal time of one month. In most plants, stagewise quality testing and inspection allows the finished products to move to customers more quickly than would be possible if all products were centrally inspected before delivery. Realising the cost of rework and delays, world class manufacturers now refine their operations to eliminate the need for inspections by getting things right the first time.

Insights from activity analysis

Activity analysis has been successfully implemented in companies in which top management has strongly supported it. Involving the entire organisation to refocus its attention on the changing needs of the competitive environment, rather than simply maintain status quo, proves rewarding. Traditional management control systems that rely on budgets and variance reports have a strong static orientation, motivating managers to simply reduce costs of existing production. Activity analysis turns the focus around to how operations can be changed to compete more effectively. It asks the question: what is the value added (to the customer by our product) by each activity and is it sufficient to justify its cost? It identifies activities that need to be changed to increase the value realised, or to eliminate costly waste.

The principal precepts of world class manufacturing methods involve elimination of such wasteful activities. Companies that initiate aggressive investment in time and resources in reorganising their operations to eliminate waste can compete more forcefully

From a planning perspective, activity analysis helps identify products that require more activity resources than their price (which reflects the value supplied to the customer in a competitive world). Armed with this information, managers can then reposition their product lines to emphasise those that enhance long term profitability. From a control perspective, activity analysis enables the comparison of the value added and costs incurred for different activities, and thus helps identify wasteful activities. Managerial efforts are thus directed to channel resources to activities that provide value to the customers and in turn increase the company's profits.

■ R B. BANKER and HARIBHAKTI

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PARADEEP PHOSPHATES

Strangled by unions

If the lack of industries is one of Orissa's original tragedies, even more tragic is the fate of some of the larger companies that already exist in the state. Paradeep Phosphates Ltd (PPL), set up in 1986 as one of the most modern fertiliser projects in the country, is a good example of how even an investment of over Rs.600 crore can yield very little when politics and politicians take over the running of labour unions.

The company, which had a turnover of around Rs.300 crore last year, has accumulated a loss of over Rs.75 crore; and things could get even worse. When it started out, PPL was the largest diammonium phosphates manufacturer in Asia. In 1988, PPL made 626,000 tonnes of the product. But in 1989, production was down to 250,000 tonnes. And things are equally bad this year.

Shortage of the imported raw material phosphoric acid is cited as one of the main reasons for PPL's consistent poor performance. But, the even bigger problem that has been dogging the company is labour unrest. In fact, the government of Nauru, the small rock phosphate producing island in the Pacific ocean, which has a 49 per cent stake in PPL's Rs.120-crore equity, now wants to pull out because of this.

Many unions

Though PPL has only about 700 employees, it has about 13 unions operating in various departments. Only one, though, is recognised. When the company started production in 1986, the recognised union was the Paradeep Phosphates Employees Union (PPEU) affiliated to the Congress (I)-controlled INTUC. But three years later, this union was de-recognised and the management accorded recognition to Paradeep Phosphates Staff Association, this one affiliated to the CPI-controlled AITUC. Says managing director P.N. Arunachalam, "We de-recognised the INTUC union because it was indulging in unlawful and unfair practices and often resorting to strikes resulting in huge production losses." Interestingly, after the Janata Dal came to power in Orissa 15 months ago, the PPEU union elected Pravat Samantray, a JD Rajya Sabha MP, as its president though the union continues to remain affiliated to the INTUC. PPEU's general secretary K.N. Patnaik went on a hunger strike in front of chief minister Biju Patnaik's residence in January this year with a long list of demands, including investigation into what he termed as rampant corruption at PPL.

The state's Janata Dal government subsequently served an ultimatum to the management to settle the problem or face the consequences. State labour minister Prafulla Samal told *Business India* at the time that if the PPL management did not solve the matter within a week, the government would be forced to withdraw all facilities given to the management, including police protection. Two police platoons had been deployed in the plant premises ever since labour unrest erupted nearly a year ago. But, the management was unfazed.

Not the only one

Patnaik was not the only labour leader to have gone on strike in protest against PPL's policies in recent times. Umesh Chandra Swain, a Janata Dal MLA and president of the Paradeep Phosphates Workers Union, went on a hunger strike too, demanding that the bagging contract at the plant be given to a Kalinga Bijay Multipurpose Labour Society, of which he is the president. Between 1987 and 1990 the bagging contract had gone to Rishi Samantray, owner of Siddhartha Construction Pvt Ltd and son of Nityananda Samantray, an influential Congress (I) MLA at that time. The top management of PPL insists that Siddhartha Construction did a good job for these three years.

Trouble started sometime during April 1990 when the contract labourers working under Rishi Samantray changed loyalties overnight to different Janata Dal politicians like Pravat Samantray, Umesh Chandra Swain, Panchanan Kanungo and Sudhakar Mantri. Each of these formed splinter unions, promising attractive terms to the labourers.

Around July 1990, chief minister Biju Patnaik himself intervened and virtually recommended that the bagging contract should go to Swain. The management argued that the bagging contract is not a supply contract but a service contract and co-operatives like the one headed by Swain cannot be effective in handling it. It conveyed to the chief minister that the decision to award the bagging contract to Orissa Stevedores Pvt Ltd "was purely a commercial decision and is irrevocable".

Swain resorted to the hunger strike first, and then presented a memorandum to Devi Lal. He is now threatening to sit again in *dharna* before the corporate office of PPL here demanding cancellation of the bagging contract awarded to Orissa Stevedores. But the management is unmoved, saying that it cannot dance to the tune of local Janata Dal politicians.

Apart from Swain, other Janata Dal leaders of the state who have interest in the labour unions at PPL includes Panchanan Kanungo, who heads a union consisting mostly contract labourers in the bagging plant of the company, and state ministers like Damodar Rout, Prafulla Chandra Ghadei and Nalinikanta Mohanty.



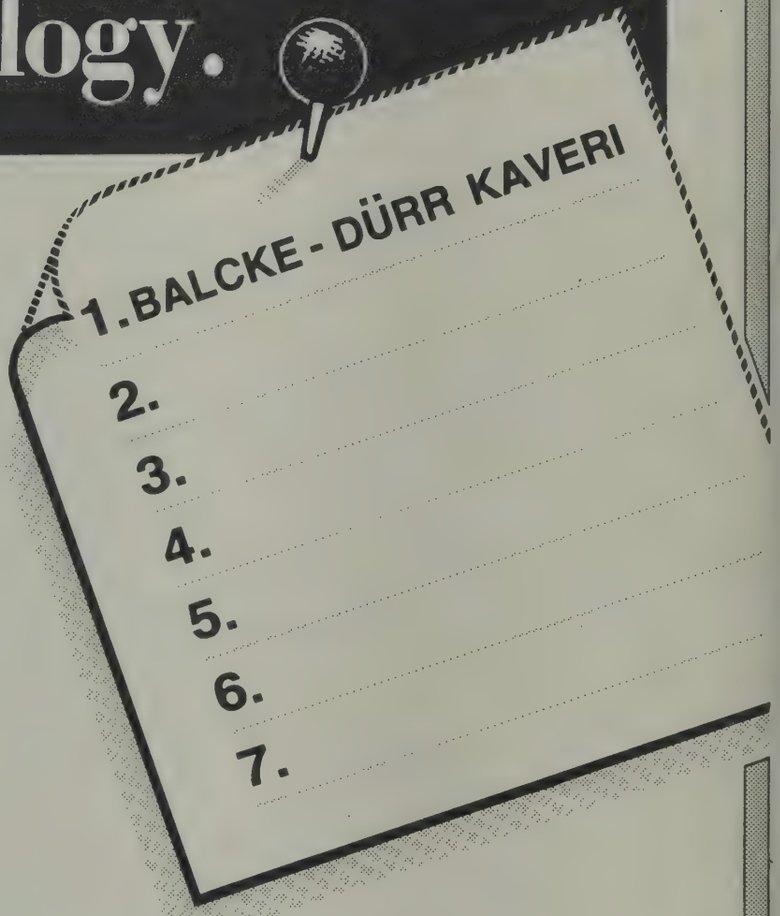
Arunachalam: unfazed by threats

Keeping up with all these unions and union leaders and their various demands has been quite a task for PPL and its management. The strain is showing in the form of the company's declining fortunes. A disgusted Arunachalam says, "If this type of union bullying and political pressures continues, the government of India may decide to simply close down this plant, not because of the government of Nauru."

Laments a senior executive of PPL, "Had this plant been set up anywhere else other than Paradeep, we would have posted excellent performance results." It is difficult to disagree

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KMFL-HL FICOM MERGER

Marriage of convenience

Mergers and acquisitions are common among manufacturing units these days. Last fortnight, even the financial industry witnessed one such alliance when Kotak Mahindra Finance Ltd (KMFL) — a private financial company known for its aggressive stand in bill discounting — absorbed into its fold (as a division) another finance company H.L. Financial Consultants & Management Services (HL FICOM) — a name very well known, till a few years back, among merchant banking circles. Says Uday Kotak, managing director, KMFL, "With this, we gain the status of being the only company offering the full range of financial services."

For the 28-year-old Rikeen Dalal, director of HL FICOM, the decision to get out made sense because "Merchant banking is a personalised business and devoting time to it was important if one had to retain one's market share and ours has been falling over the last two years". Yet HL FICOM had mobilised Rs.150 crore through public issues and Rs.100 crore through fixed deposits from over 140 companies in 1990.

Established in March 1973, as the maiden business venture of what later on came to be known as the FICOM group, this company had pioneered the concept of issue management. Pradip Harkisondass Dalal, Rikeen's late father who belonged to a leading and well known family of stock brokers was the key figure behind this new venture. Although merchant banking in India was officially kicked off by Grindlays Bank in 1968, Pradip Dalal is treated as the father of merchant banking business in the country.

Proven professionals

Pioneers in merchant banking, HL FICOM, along with CIFCO, JM and DSP are regarded as the "four sisters" of private merchant banking. And it was only natural that Dalal wanted it to be in good hands. He decided to sell HL FICOM to KMFL because "Kotak's association with the Dalal family has been long and his proven professionalism in the field gave him the cutting edge", says Dalal.

Incidentally, in 1983-84, Pradip Dalal, and Kotak, together with Coronbay of the UK had floated a company called FICOM Coronbay Kotak to venture into international finance and other related activities. This venture, however, fell through as the overseas partner backed out.

Till end 1978, HL FICOM had managed over 100 issues which doubled by 1980. Says a competitor, "Between 1973 and 1980, HL FICOM was the undisputed leader in issue management among the private sector".

From 1 April 1991, HL FICOM will operate as a division of KMFL and will manage fixed deposits and public issues for it. Dalal will continue to be associated with the company in his capacity as advisor and will chalk out marketing strategies for it. The decision to finally merge the two will be taken once KMFL's presence in these areas gains credence.

KMFL's track record is commendable. It started in 1986 with a capital of Rs.30 lakh and its net worth increased within a span of 5 years to Rs.14.50 crore. Its profits after tax jumped from Rs.25 lakh in 1986 to around Rs.9 crore for 1991. The profits till last year had come mainly from the bill discounting activity. Says Kotak, "From a predominantly bills financing company, we consciously were moving towards broad-based financial servicing". Its leasing division showed marked improvement in performance and increased business from Rs.3 crore in 1986 to Rs.37 crore in 1991. Last year it also activated its hire purchase-cum-consumer finance division which is today second only to Citibank's in terms of incremental business in Bombay, having done Rs.8 crore worth of business in the last six months. Early this year, it moved towards starting portfolio management which will begin operation formally by May. Additionally Kotak also operates in the stockmarket through a card he holds in his name.

Comprehensive range

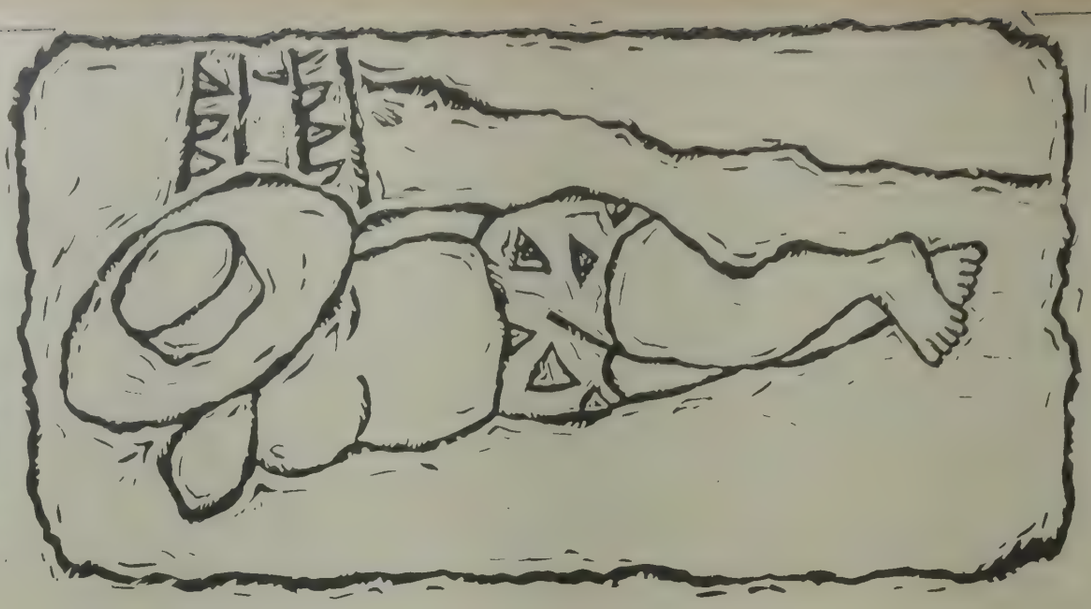
The only significant areas left out were fixed deposit and issue management. "This alliance with HL FICOM will now help KMFL offer a comprehensive range of financial services," says Kotak. Both Kotak and Dalal are a little reticent about revealing the details of the deal. Kotak prefers to call it "taking over of FICOM's assets" and not the company. In other words, HL FICOM now will function as a division of KMFL. Also, KMFL gets HL FICOM's premises located near the Bombay Stock Exchange Tower. Apart from gaining the services of professionals (out of 40 odd HL FICOM employees, KMFL has retained 10) the HL FICOM goodwill also comes to KMFL now.

The most significant advantages of the merger are two-fold. First, it will strengthen KMFL's infrastructure by adding to its four branches, a retail network of over 2,000 outlets countrywide, especially in semi-urban and rural areas. This is significant as HL FICOM is the first merchant banker to offer equity to the rural markets. Secondly, by adding this readymade network, KMFL has bought over time and time is money in today's business environment HL FICOM, on the other hand, will save itself from the troughs and peaks it has been



Rikeen Dalal and Uday Kotak: beneficial alliance

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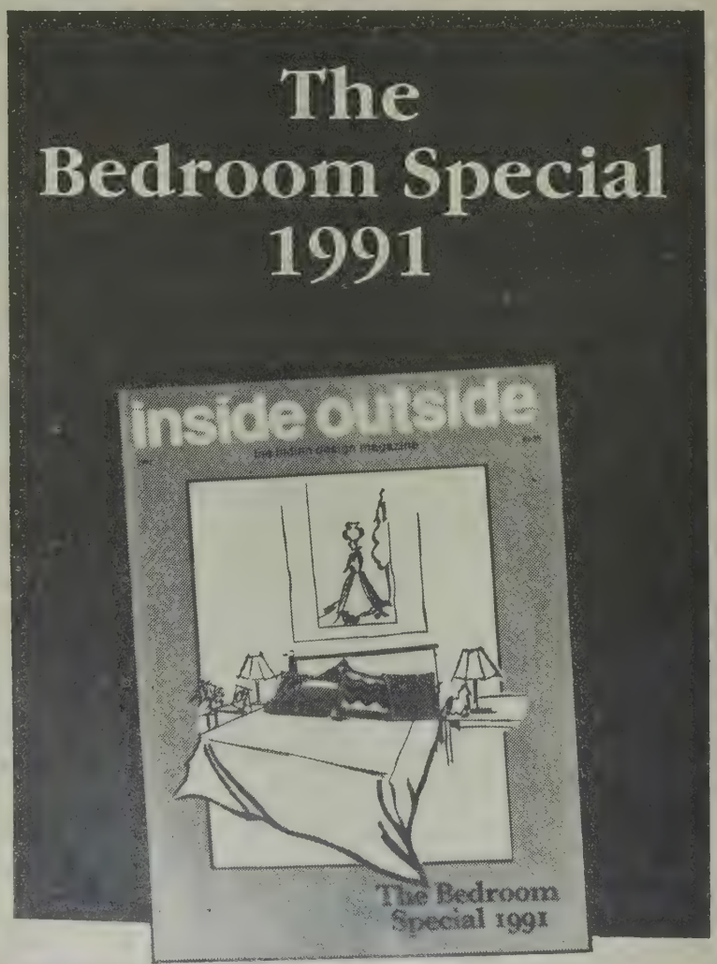
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going through for KMFL will take care of its business.

In 1979, the FICOM group also floated its first industrial manufacturing venture. The outfit, FICOM Organics, is engaged in manufacturing malathion technical dodecyl phenol and nonyl phenol. "As my father gave more time to it, the manufacturing venture took off in 1980 and HL FICOM soon lost its number one position", explains Rikeen Dalal. To add to this, in 1982, family squables began which continued till 1984. Other players took advantage of the situation and the company lost its major clientele base to its competitors.

In 1985, Rikeen Dalal joined HL FICOM. By December 1987, he was appointed on the board of the company. His father then decided to concentrate on manufacturing, leaving the challenge of merchant banking to the young Dalal, then only 24 years old. "The challenge was to first get back the clientele lost and then to rebuild the company to its original position," explains R. Dalal.

By October 1988, R. Dalal had not only regained the business of the corporate groups lost earlier but had also got on to other industrial houses with which the company was not traditionally involved. "This was like building HL FICOM afresh a second time", he recalls. In fact, in 1989-90, by handling six issues as managers and advisors, it already became the number two merchant banker controlling over 47 per cent of the total amount of issues handled, valued at Rs.1,303.05 crore.

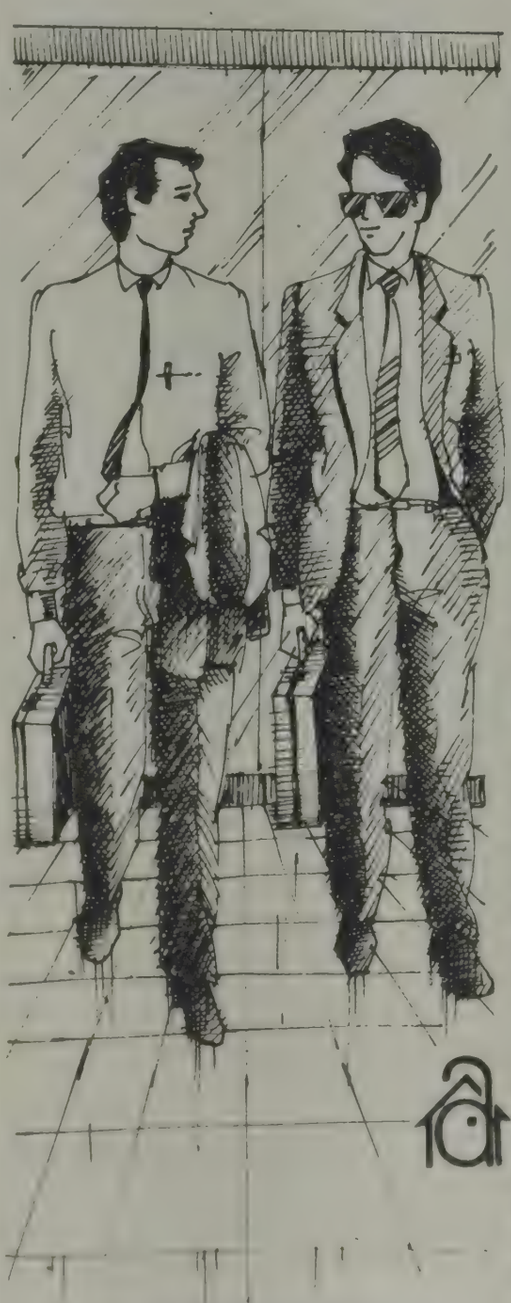
Unfortunately for the group, Pradip Dalal died in the Ahmedabad airplane crash on 19 October 1988. A week later, Rikeen Dalal had to take over his father's manufacturing activities as well. Still FICOM Organics is considered to be a blue chip in the stockmarket today. And it has consolidated itself by diversifying into a wide range of chemicals. Still keen on becoming a full-fledged industrialist, Dalal has naturally relegated merchant banking to the background.

For Dalal and Kotak, the deal is a marriage of convenience. Though both are silent on the payment involved, market sources place it between Rs.50 lakh to Rs.1 crore excluding the cost of premises. Anyway, both parties have benefited from the deal. While Dalal can now single mindedly concentrate on manufacturing, Kotak gets a broad-based financial services company to go places.

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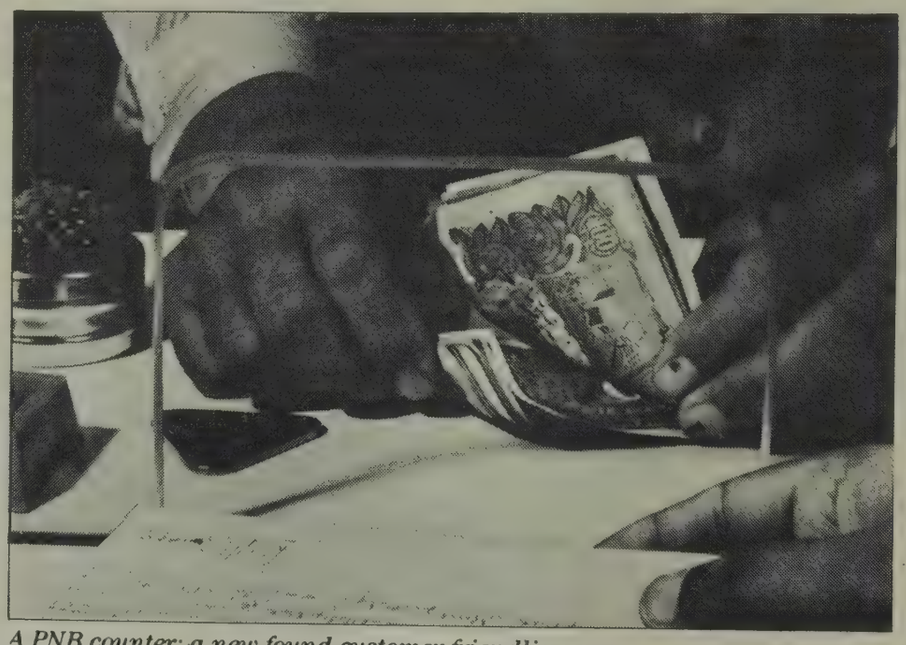
PUNJAB NATIONAL BANK

Onto a competitive tack

Foreign banks have always been at the forefront of marketing by packaging — and sometimes repackaging — schemes and focusing them on specific target groups. On the other hand, comfortably ensconced in their monopoly position as bankers to the masses, nationalised banks have never been overly bothered about either marketing or their image. But this seems to be changing with Punjab National Bank's (PNB) offering a specialised service for the first time and marketing it strongly, also for the first time.

The Bombay region of the Punjab National Bank launched APTS — Automatic Payment of Telephone Bills Service — in December 1990. Any telephone subscriber of MTNL who has an account with any of PNB's designated branches in Bombay can pay his telephone bills through this scheme.

Until now the customer could pay his bills by issuing standing instructions to his bank. Under standing instructions, the customer deposits his bills in the bank which pays them off from his regular account, and the customer pays a nominal charge for this service.



A PNB counter: a new found customer friendliness

Under APTS, PNB collects the bill directly from MTNL, and transfers the amount from the customer's account to the telephone company's. The customer receives the paid bill from MTNL with the remark, 'Paid Under APTS'. No fee is charged for this service. All the customer has to do is keep enough money in the account for the bill to be paid. Says Arjun Chawla, regional manager of PNB, "It's a customer-friendly service with no strings attached."

For a city like Bombay, where many households have working couples who find it difficult to find time to pay bills themselves, APTS comes as a boon. The response to the service is proof enough of this. Says Chawla, "Besides individuals, 100 companies — and some of them big ones — have subscribed. And most of these are new accounts."

The question then is, how does PNB benefit from APTS? According to a senior banker from another nationalised bank, "It will certainly attract new customers, just like credit cards did some years ago." Chawla also is confident that "although APTS can be operated through a separate account, most people will probably shift their regular accounts to us as they prefer to operate a single account."

Big float funds

But more than anything else, PNB will have access to sizable float funds. Even a small company today has telephone bills running into thousands. With 100 companies in the bag, PNB could easily boast of float funds totalling a few crores. That will definitely help boost its profits.

While PNB is the first to offer a telephone bill payment service, close on its heels came Standard Chartered Bank's new Platinum Club scheme. But, this scheme, targeted at people above the age of 50, offers more than just direct payment of bills. Its other services include charge free banking, telephone banking, investment counselling, cheque guarantee cards, medical discounts, etc. To join the club, the customer has to open a fixed deposit account of Rs.50,000 with any of Standard Chartered's branches. Even with ten customers, Standard Chartered would easily have a float fund of Rs.5 lakh, since bills will be paid from the savings account which would have to be separate from the fixed deposit. And the response, according to Ujwal Thakar, manager of the personal banking division of the bank, has been very good.

Thakar, however, is sceptical about the national banks' ability to sustain schemes like APTS. He says, "Nationalised banks cannot retain focus for a long period." Adds an observer, "Such schemes require consistent quality service. Retaining customers is as important as attracting them."

PNB of course is confident that it can provide quality service under APTS. "It's basically a clearing process and we have guarded against inefficiency," says Chawla. Problems such as excess billing or insufficient balance in the customer's account have been taken care of. To guard against excess billing, PNB takes an authorisation from the customer to pay upto a certain limit. If the bill exceeds that amount, the bank returns it to the customer through MTNL with the remark, 'Exceeds ceiling'. If also, for some reason, sufficient balance is not maintained, again the bill is returned with a 'Refer to subscriber' remark. In both cases, the customer then pays the bill through normal procedures.

While there have been protests by some sections of the PNB staff against the additional work involved, most feel quite enthusiastic about such initiatives. About 30 of them have, in fact, volunteered to market APTS after office hours. Another branch in the region functions seven days a week.

Nevertheless, as an observer comments, "It is the inefficient image which the banks will have to shed first." Whether it is APTS or Platinum Club, PNB or Standard Chartered, what the customer wants is a wide range of services, that meets his diverse needs. With the kind of reach they have, PNB and other nationalised banks have a winning combination on hand if they get their efficiency factor under control and come up with more competitive schemes like APTS.

■ POONAM CHAWLA

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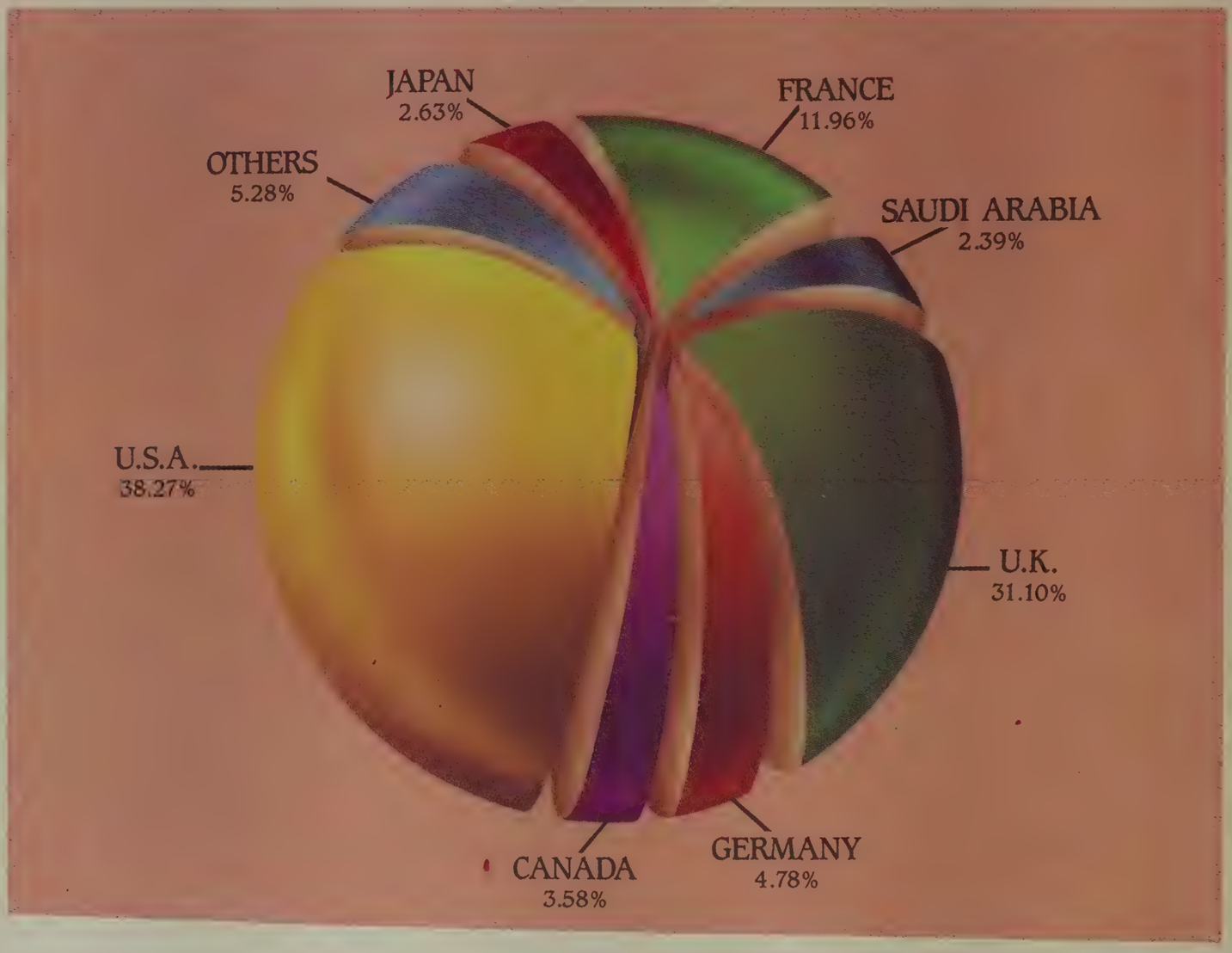


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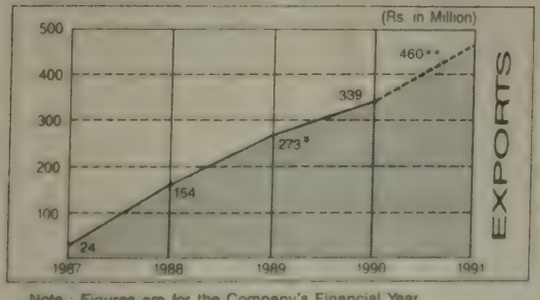


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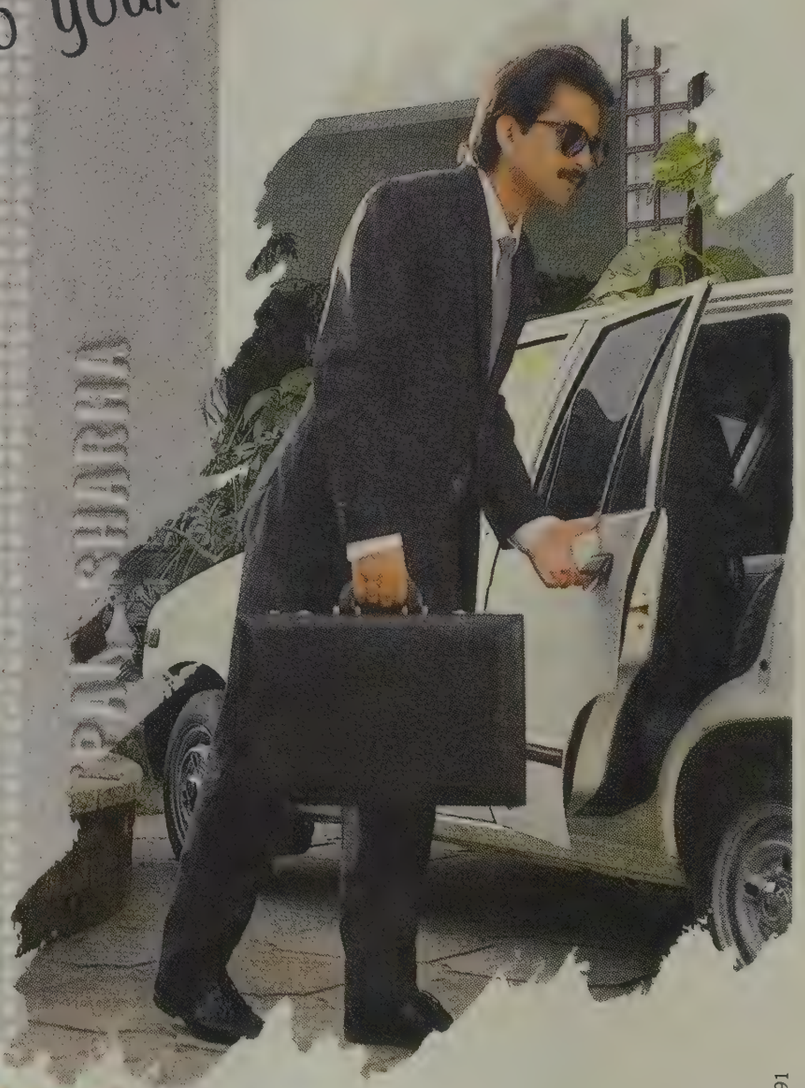
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FARM LOAN WAIVERS

Bankers left adrift

Ignoring the constant opposition voiced by R.N. Malhotra, the then governor of the Reserve Bank of India, the National Front government, in its maiden budget in 1990, went ahead and wrote off farm loans of up to Rs.10,000 each. While Malhotra had no choice but to implement the scheme on behalf of the government, he was well aware of the tough task that confronted the RBI — that of re-educating borrowers on the credit culture, which India's banking system had built with great effort over the last 25 years.

Following this populist move of the government, the commercial banks did expect a fall in recovery rates and sagging balance sheets for the current financial year. But what finally emerged was much worse. "It seems as if the entire rural banking system has been pushed back by at least 10 years in one sweep," laments a senior official at the National Bank for Agricultural and Rural Development (NABARD).

Large cross-section

The original waiver scheme covered loans to weak and poor farmers whose total outstandings stood at Rs. 10,000. It was later altered several times to involve a larger cross-section of both rural and non-rural farmers, artisans, weavers and workers in agricultural and allied sectors like poultry and fisheries. Also, gold and jewellery loans taken for agriculture by farmers who had suffered two consecutive bad crops were made eligible for pardon.

What the National Front government had promised in the budget was formalised through the Agricultural and Rural Debt Relief Scheme, effective from 15 May 1990. Under this scheme, whatever the outstanding amount, loans up to Rs.10,000, taken between October 1986 and October 1989, would be waived by all public sector banks, regional rural banks and co-operative banks. The amount would both include short term loans and instalments of long term loans as well as overdue interest. Says a senior banker, "Currently, NABARD is working on bringing the non-rural, non-agricultural sectors into the ambit of the scheme. Moreover, in cases where the amount exceeds Rs.10,000, some co-operative banks have provided an additional relief of Rs.1,000."

As per the RBI guidelines, all banks were to file their consolidated claims for the amount waived, with the RBI. This amount was to be reimbursed by the Union government to the RBI which, in turn, would compensate the individual banks. For co-operative banks, NABARD was to be the intermediary, as the relief burden was to be borne equally by the state and Central governments.

Although the scheme provided for injecting a part of the claim amount in advance to the banks, the entire claim of the banking system was to be reimbursed by 31 March 1991. This, according to the scheme, was necessary to "maintain the liquidity of public sector banks". Exact figures are unavailable, but it is estimated that, following this assurance, banks have already written off loans totalling somewhere between Rs.7,000 and Rs.10,000 crore. Of this, the co-operative banks' share is Rs.5,000 crore.

Against this, the amount forwarded by the government so far is only Rs.1,000 crore in the 1990 budget and Rs.500 crore in the interim budget submitted this year. "While the government has achieved its own ends, the banks are left to fend for themselves," complains another senior NABARD official. Given the present size of budgetary deficits, nobody is clear about how the government proposes to meet the gap. The banks, meanwhile, are facing severe liquidity constraints.



Farmers expect relief measures repeated

Being an overly politicised issue, bankers are reluctant to voice their complaints. No bank is willing to go on record stating the extent of financial constraints that it faces. But a quick analysis shows that the Bank of India, among the large banks, has written off Rs.130 crore, while the smaller Dena Bank has pardoned Rs.49 crore. These two banks have received only Rs.33 and 20 crore, respectively, from the government. Given their respective net profits of Rs.22.08 crore and Rs.5.73 crore in the past year, there is no doubt that the deficit on farm loan account does eat into their networth. The leading State Bank of India (SBI) has suffered too, having signed off nearly Rs. 700 crore and got only Rs.100 crore in return.

If this is the case of the larger banks, which have enough financial security, the plight of co-operative banks, for which the state government does not have enough budgetary support, can be well imagined. This will surely affect the lending activities of these banks, which provide only agricultural credit.

As these banks write off loans, their advances to agriculture will automatically show a decline. If the delay in reimbursements continues, the banks' lending activities will soon show severe downtrends.

To make things worse, farmers have begun to expect that similar relief measures will be repeated. So they prefer to sit tight and nof pay back loans. This expectancy factor has been pulling down the recovery rates of the banks from the earlier 49 to 50 per cent to 42 or 45 per cent.

Widely advertised

This is hardly surprising, considering that many state governments have willingly put in much effort to advertise this scheme. The government of Madhya Pradesh had announced 22 measures for farmers and has already waived Rs.400 crore. Likewise, the Orissa government has decided to write off loans of up to Rs.12,000 to small and marginal farmers, as against the Central government's limit of Rs.10,000. And the Gujarat government has waived nearly Rs.100 crore.

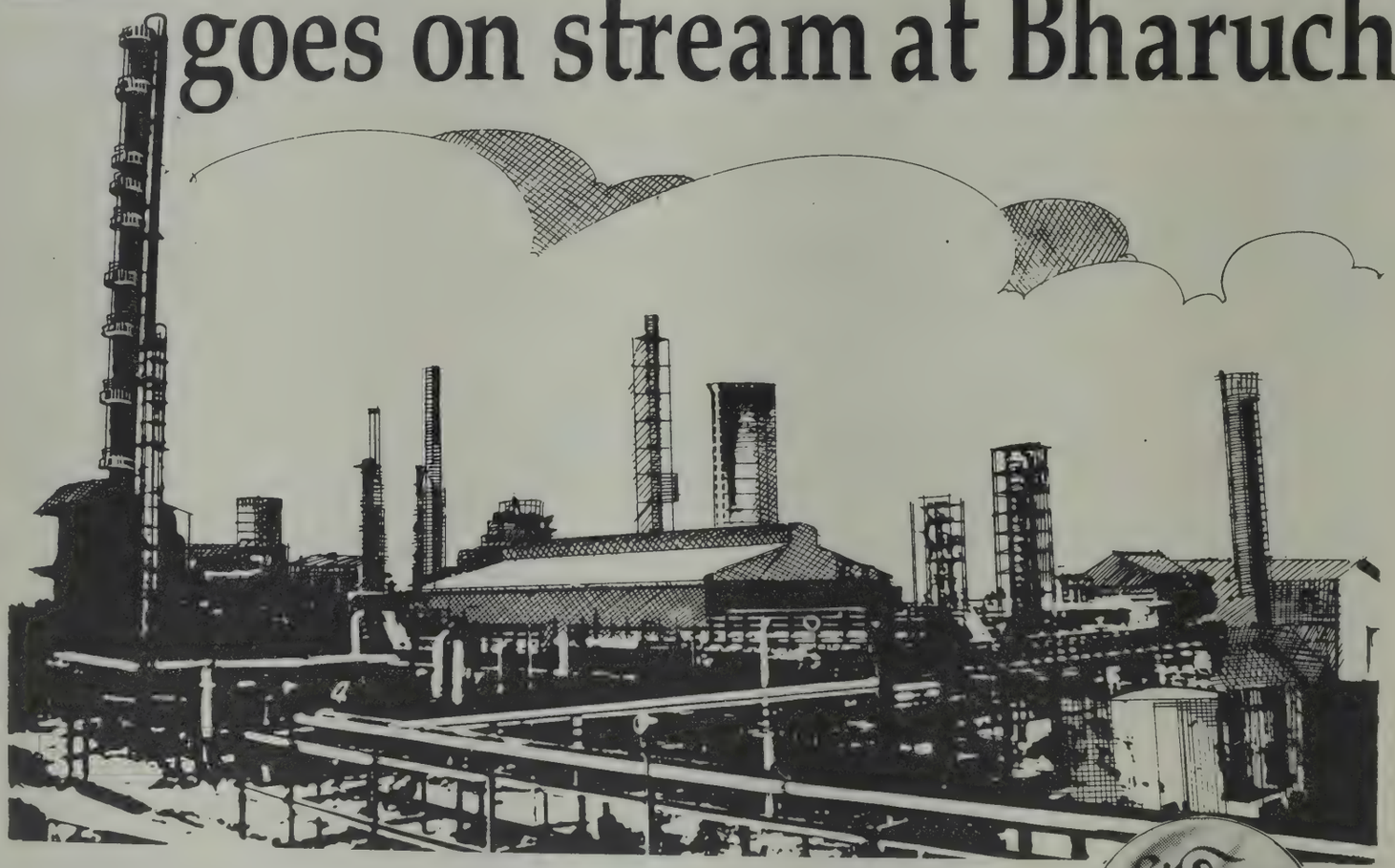
The prudence of such a scheme is being increasingly questioned. It was not a very well received scheme and proved to be a contentious issue between bankers and politicians. Even international organisations like the IMF and the World Bank had indicated their reservations on this issue. "They find this scheme totally against the grain of banking," says a senior banker. And thus, Indian bankers not only have to contend with sagging bottomlines but also with re-teaching their agricultural and rural debtors one tenet — if you borrow, you repay

■ SHAMPA KAR

A moment to celebrate as ...



India's largest methanol plant goes on stream at Bharuch



FEDO alters GUJARAT's skyline – again, proving its credentials in its Silver Jubilee Year.

The 100,000 tpa Methanol plant at Bharuch, built by FEDO for the Gujarat Narmada Valley Fertiliser Company Ltd., has been successfully commissioned.

Methanol is a vital industrial intermediate and holds promising potential as an additive to motor fuel. The plant, based on ICI's Low pressure Methanol Synthesis Process, utilises natural gas as its feedstock.

The basic engineering package was supplied by Toyo Engineering Corporation of Japan. FEDO's role included:

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Coming in the wake of numerous other ammonia and hydrogen projects, this achievement further endorses FEDO's capabilities in the field of hydrocarbon processing.

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THE BoP PROBLEM

How services export can help

The role of service industries in terms of their key contribution to the economy is not appreciated enough in India. This is especially ironic when one considers that this segment of the economy also holds the key to addressing India's balance of payments problem in a significant manner. In contrast with marginal increases of a few millions or a few hundreds of millions of dollars in exports of traditional items such as cashewnuts or gems or granite, the service segment offers the potential for billion dollar increases in our exports. Yet the realisation of this potential requires conducive economic policies rather than the current ones which are largely based on fifty-year-old preferences to use tangible manufacturing activities as indicators of economic progress.

Measure of maturity

It needs to be appreciated that the growth of service industries is closely tied to the industrial and economic maturity of a country. This sector facilitates the productive use of capital assets through activities such as product-design to keep factories busy; through installation and commissioning of plant and equipment; through user education to enable correct and optimal use of equipment; through maintenance and enhancement of capital equipment; through capacity utilisation and enhancement consulting to further improve productivity; and through other such "soft" or intangible additions to industrial activity.

As a result, in developed countries, the expenditure on such services over the lifetime of capital assets is as high as 100 per cent to 400 per cent of the initial cost of the equipment. Examples at the high end include computers, aircraft, and, in general, most high-technology capital equipment.

Conversely, neglect of this sector results in poor capacity utilisation (eg the power and transportation sectors), breakdown of critical equipment and infrastructural facilities and unutilised capital equipment. Indeed, after the larger problem of neglect of opportunity cost of delays, one of the key reasons for India's high capital/output ratio (ICOR) is the neglect of the service sector.

The service sector is the fastest growing part of the economy in the developed world. Fortunately for India, which is still quite backward in this area, this segment is also employment intensive. Moreover, it generates employment for the educated, a particularly intractable part of the Indian economy's problems at employment generation. Unfortunately, it is intangible and so tends to be easily overlooked and neglected by businessmen and economic planners.

Many developed countries already earn billions of dollars from the export of services. Not only does India have the direct opportunity to do so as well, but this export activity may well be a saviour in a developing scenario where our manufactured goods are becoming increasingly uncompetitive. Few industrial materials in India are competitive at international prices. It is said that without the international price reimbursement scheme for steel, aluminium and non-ferrous metals, India's engineering exports would come to a virtual standstill. Agriculture neither generates enough surpluses nor is it internationally price-competitive.

Need for integration

Worse still, as the developed world automates production processes, it also integrates them into the design effort to simultaneously minimise labour and improve quality. As a result, even when an older labour-intensive method is available as an option, the production process often dictates the preferred method of production for no other reason than to ensure quality and compatibility with other component parts and activities.

Given this situation, where are significant increases in exports to come from? The answer: from services. Because, as technological and market change moves the area of maximum value-addition towards the intangible components of the product package, materials and production value-added decreases to a fraction of total product-price — to something like 10 to 25 per cent. The rest comes from intangibles such as design (aesthetic and functional), marketing, personalisation of the product (resulting in the increase in "lean manufacturing" methods) service associated with the product and financing packages.

Moreover, as electronic and micro processor technology is incorporated into more and more products such as household appliances, automobiles, industrial equipment, defence equipment and so on, the software for these is actually a significant "intangible" element of value addition in the final product's price.

Value addition

The growing costs of providing these services through local nationals in the developed world and India's large pool of educated and trainable manpower (not, one must emphasize, already trained and usable) provide the means for a significant role for India in this developing situation of intangible value addition through services. An illustrative list of Indian services that are already being exported in either a modest way or in an unorganised fashion is given here:

- Computer consultancy (eg software, training, consultancy).
- Engineering design (eg chemical, civil, electrical).
- Hospital and medical facilities management.
- Hotel, travel and tourism management.
- Maintenance and repair of heavy machinery, ships, aircraft, etc.
- Financial services (eg merchant banking, mutual funds).
- Advertising and audio visual presentation.
- Product design (eg industrial products, textiles).

The promotion of India's services exports needs two key inputs: at the enterprise level an understanding of the growing importance of marketing and the increasingly capital-intensive nature of even the services business, and at the national level, suitable economic policies. More on these factors in the sequel to this article.

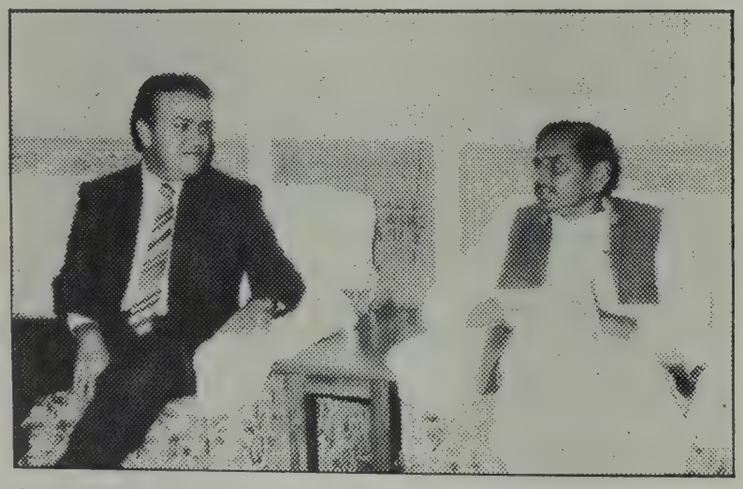


PRAKASH HEBALKAR

The author is an international business consultant based in Bombay. He was earlier senior vice-president with a major information technology company

Together We Corporate Fo

The emergence of a Corporate Force does not just happen, but is the result of a deliberate planned and well concerted move by an organisation that has set its sights securely on the rapidly changing industrial horizon.



Sri. Mulayam Singh Yadav (C.M., U.P.State) and Mr. R.K.Sipani, M.D., Sipani Automobiles Limited, on the eve of signing the M.O.U - 11th Feb '91.

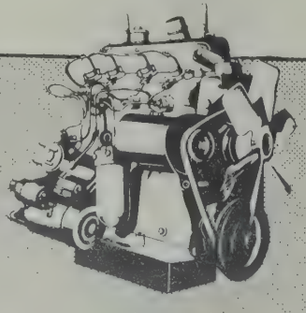
So it was with Sipani Automobiles Limited, Bangalore, in their recent takeover of "Auto Tractors Limited", a U.P. Government enterprise manufacturing Tractors and Automotive Diesel Engines, with technical collaboration of 'British Leyland' U.K.

By the signing of a Memorandum of Understanding, ATL will now be a joint venture Company under the management of Sipani Automobiles Limited, who have acquired 74% of the equity from the U.P.Government.

Set up in 1979 ATL is located at Pratapgarh, on 125 acres of land with modern plant and sophisticated machinery with its township providing facilities like a School, Community Centre, Hospital, Bank etc.

The takeover of ATL has opened new horizons for Sipani Automobiles Limited, with necessary infrastructure, facilities, backed by sophisticated plant and machinery, to manufacture not only the Tractor and Autoland Diesel engine but also major sub-assemblies required by SAL for their MONTANA and to be launched SIPANI D-1 cars, such as gear box, rear axle and front suspensions.

With the joint venture the product categories of SIPANI - ATL would range from passenger cars to Tractors and Automotive Diesel engines.





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PRATAP TRACTOR

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- Powerful, Reliable and economical.
- Excellent Manoeuverability and fuel economy.
- Ideally suited for complex agricultural conditions.

AUTOLAND 4000 Diesel Engine

- Highly efficient & naturally aspirated automotive diesel engine.
- Robustly constructed for withstanding the most arduous duties.
- Reduced routine attention and maintenance
- RICARDO COMET MK V Swirl Chamber combustion system.
- Forged alloy steel three bearing crank shaft.

THE MONTANA

- Highly impact resistant Fibre glass body.
- 900 cc diesel engine.
- Unmatched fuel economy.

THE SIPANI D-1

- Sleek aerodynamic design.
- Powered by the Autoland 4000 engine.
- Four door with hatch back.
- Plush upholstery.

* Wrap around bumpers.
* Ample leg room and luggage space.
* Manufactured under British technology.

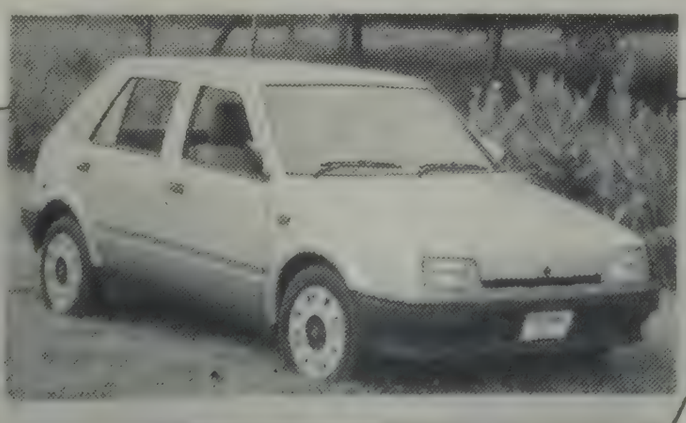
With this takeover the group is confident of attaining a turnover of over Rs.500 crores within the next five years, which would also provide adequate revenue to the U.P. State Government and also the opportunity to develop ancillary industries.

Yes, SIPANI-ATL a new Corporate force in the making.

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LEASING

Misplaced fear

At the second annual general meeting (held a few months ago) of the association of leasing, finance, and housing development companies, the focus was on the relationship between these companies and the financial system. This relationship, at the best of times, is an uneasy one. The uneasiness stems not from any fundamental differences, but rather from misconceptions. Viewed in the correct perspective, though, these misconceptions can evaporate, leaving behind only a healthy appreciation of each other's roles.

Perhaps the most important misconception concerns the strategic threat posed by the rather aggressive financial intermediation practised by leasing companies. Contrast the growth of the leasing industry — 40-50 per cent per annum — with the performance of the commercial banking system. The latter has seen a decline in both aggregate deposits and advances, as is clear from the latest figures released by the Reserve Bank of India. Thus, at first glance the conception of a strategic threat appears to be well-founded. However, a connected issue that needs to be examined is the nature of the correlation between the growth of the leasing industry and the banking system. The correlation is percieved to be negative and forms the basis of the supposed threat posed by the leasing industry.

Positive correlation

Actually, the relationship is not one of negative correlation but one with a potential for positive correlative effects. Those holding the negative view would, in effect, lobby for a curtailment of bank lending to leasing companies. The positive correlationists (this writer included) would present a case for raising the level of bank lending. The true relationship between leasing companies and banks is that of a positive correlation — the growth of one supports the growth of the other.

Looking first from the perspective of the negative correlationists, does a loan facility to a leasing company enable it to pose a strategic threat to the bank's own leasing subsidiary? That it does is a mistaken perception. In the words of Farouk Irani (who was the chairman of the AGM), "If the leasing market was restricted, financial assistance to a leasing company may have represented a threat to the banking subsidiary. However, the leasing industry operates a Rs.1,000-crore business with an annual growth rate in the region of 40-50 per cent".

Implicit in that statement is a key argument of the positive correlationists: the leasing industry is on the cutting edge in expanding the Indian capital market. And leasing companies and banks, as players, are both in the same boat, rowing in the same direction. If one rows faster, the other is not left behind, but rather, reaches the destination so much more easily. Banks need to strongly desist from taking a myopic view but understand that they, along with leasing companies and others, constitute the pillars of our financial system. Weakening a pillar destroys the whole structure, with the attendant risk of the roof falling over your head.

Increasing the level of lending to leasing companies can only lead to a strengthening of the financial intermediation role of commercial banks

The positive correlation between the leasing industry and commercial banks is sharply focused when viewed from a broader perspective. Indeed, the banking sector will reap rich benefits from a strategy which increases lending to the leasing industry — two benefits really, which will make their presence felt on both sides of the balance sheet. And notwithstanding what the accountants have to say, debit will not cancel credit in this case.

Biggest strength

Looking first at the asset side of the balance sheet, from a 'SWOT' angle (strengths, weaknesses, opportunities, threats), the banking sector's biggest strength is undoubtedly its huge deposit collection network, which reflects itself in the deposit mobilisation skills of banks. Thus, when a bank strategically separates the two components of financial intermediation, deposit collection and deployment of funds, a number of positive effects find their way into the profit and loss account of the bank. Fund deployment (or advances) is an area requiring increasingly specialist financial analysis skills (available in plenty in the leasing industry, which thrives on its professional skills).

Viewed in this sense — i.e., separating the basic components of financial intermediation — lending to a leasing company can result in lower charges for illiquids, and correspondingly, a higher level of financial income. This effect will be magnified many times over when the financing involves sophisticated financial analysis or project financing on a large scale. Given this scenario, the banking sector's shrewdest bet is to rope in the leasing industry.

Looking at the liability side of the balance sheet, once again, strategic benefits lie in wait for the perspicacious banker. Pre-empting the leasing industry's demand for funds (ultimately, household savings) within the overall gearing of 10 would suggest a strategy for exhausting its deposit acceptance capacity, with the implicit assumption that household savings will then, once again, start to find their way into savings accounts with commercial banks. Indeed, increasing the level of lending to leasing companies that in turn creates opportunities for inflow of household savings can only lead to one state: a strengthening of the financial intermediation role of commercial banks.

Co-operate to survive

Leasing companies and banks need to assess their role as allocators of financial resources, each performing a distinct and efficient operation. Cooperation will ensure the healthy survival of both. Confrontation could perhaps lead to a pyrrhic victory for banks. Ultimately, society needs to choose between social objectives of a short term nature and ones building long term healthy institutions. It is the existence, for too long, of the former that explains the behaviour of banks in showing scant respect for healthy practices. In a competitive environment, the weak can be expected to act defensively, while the foresighted exploit their strengths. Indian banks need to take a broader view of their role and concentrate on exploiting their strengths for their own sake and for the sake of the financial system.

■

T. VISWANATH

The author is a management consultant

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Management Development Programmes
Annual Calendar
April 1991 - March 1992

SL NO	PROGRAMME TITLE	PERIOD	PROGRAMME DIRECTOR/S
1.	Effective Marketing	Apr 8-13	A Parvatiyar
2.	Total Productivity Management	Jun 24-28	M V Madan
3	Services Marketing	July 8-12	M L Agrawal
4.	Industrial Relations	July 15-20	R Ishwar
5.	Human Resources Information System	July 22-26	M A Vanjour P Ray
6.	Finance for Non-Finance Executives	July 29-Aug 2	B P Verma
7.	Creativity, Problem Solving and Decision Making	Aug 5-9	M A Vanjour T Gangopadhyay
8.	Human Resources Development	Aug 12-17	K C D'Souza
9.	Basic Leadership Skills	Aug 19-23	E H McGrath, SJ
10.	Skills for Managers : Public Relations	Aug 19-24	A C Jesurajan, SJ at Delhi
11.	Product Management	Aug 26-30	M L Agrawal
12.	Training for Role Effectiveness in Women Managers	Sep 2-6	Geeta Saxena
13.	Workshop on Managing Creativity in Organisations	Sep 9-13	M Shukla
14.	Personnel Management	Sep 16-21	Renu Mattoo
15.	Basic Marketing Skills	Sep 23-27	M Chaturvedi
16.	Skills for Managers : Communication	Sep 30-Oct 5	A C Jesurajan, SJ at Bombay
17.	Integrated Management	Sep 30-Oct 12	M Shukla Geeta Saxena
18.	ISCE Programme in Effective Educational Management	Oct 14-24 (Nominations Reserved)	T A Mathias, SJ
19.	Training for Trainers in HRD	Oct 28-Nov 2	K C D'Souza
20.	Basic Leadership Skills	Nov 11-15	E H McGrath, SJ
21.	Strategic Market Planning	Nov 18-22	S Sarin
22.	Total Quality Management	Nov 18-22	M V Madan at Madras
23.	Participative Management	Nov 18-22	P Ray
24.	Managerial Skills for Employee Counselling	Nov 25-29	K Cyriac
25.	Managing Corporate Projects : Financial Indicators for Strategic Decisions	Nov 25-30	B M Patel
26.	Professional Sales Management	Dec 2-6	M Chaturvedi
27	Research & Development Management	Dec 2-6	G Balaji
28	Managing Interdepartment Relations	Dec 9-13	P Kumar
29	Effective Public Relations through Media	Dec 9-14	A C Jesurajan, SJ
30.	Industrial Relations Laws	Dec 16-20	Kamala Mathur
31.	Decision Support Systems in Financial Management	Dec 16-20	G Balaji B M Patel
32.	Communication and Transactional Analysis for Effective Management	Dec 16-21	T A Mathias, SJ K C D'Souza at Bombay
33.	Managerial Decisions and Effectiveness	Jan 6-10	N Mukherjee P K Roy
34.	Performance Appraisal & Executive Compensation	Jan 6-11	H V Mathur
35.	Data Base Management Systems	Jan 13-17	T Gangopadhyay
36.	Personal Growth and Effectiveness Lab for Executives	Jan 13-18	J C Prabhu, SJ K C D'Souza
37.	Project Management	Jan 20-24	P K De
38.	Managing Executive Homelife and Stress	Jan 27-30	K Cyriac Renu Mattoo at Bangalore
39.	Financial Management	Jan 27-Feb 1	B P Verma
40.	Industrial Marketing Management	Feb 3-8	S Sarin
41.	Economic Policies and Corporate Strategy	Feb 10-14	N Mukherjee Reshmi Mitra
42.	Managing the Human Side of Computerisation	Feb 10-14	P Kumar
43.	Personnel Management for Non-Personnel Executives	Feb 17-22	Renu Mattoo
44.	Fostering an Achieving Climate in Your Organisation	Mar 2-7	T A Mathias, SJ
45.	Assertiveness Training for Managers	Mar 9-13	J C Prabhu, SJ
46.	Basic Leadership Skills	Mar 16-20	E H McGrath, SJ

Note : Venue of all programme is Jamshedpur except for those mentioned otherwise.

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SOFTWARE EXPORTS

Innovation is the key

In the early days of the American telephone industry, telephone switchboards were operated entirely by women. An internal study warned that, by the end of the seventies, every woman in America would have to be recruited as a telephone operator, in order to cope with the projected growth in telephone calls. The actual growth in demand outstripped even that projection, but, as we know, the women of America are not exclusively sitting at switchboards today.

Some of the same kind of thinking underlies the belief that the world's computer industry is going to beat a path to India's door in search of skilled programmers.

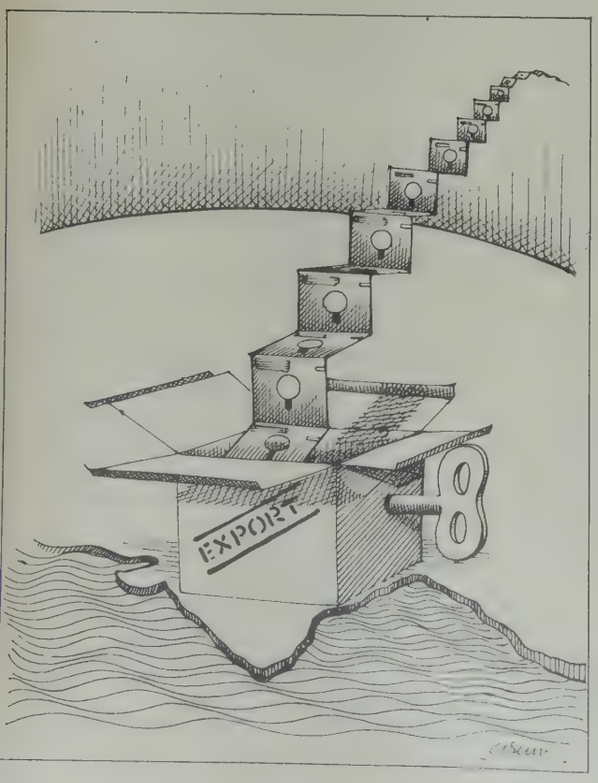
While it is indisputable that the world's advanced nations suffer an acute shortage of skilled computer manpower, or that India has an abundance of it, it can be argued that it does not follow that India is going to dominate the world's software market. Computer software is simply not that kind of product and not that kind of market. In any case, mere abundance of a given factor of production is not sufficient for, or even very important in determining, sustainable competitive advantage in any industry.

Computer software, with some minor exceptions, is not a commodity to be shipped, even over a satellite link. In the market for large business systems, computer software is part of an ongoing service which requires daily interaction with the customer and a deep, intimate, knowledge of his business. Trying to do this over a satellite link from India is a little bit like trying to sustain a marriage by telephone — even if the telephone lines are very good, it is not quite the real thing!

Even stationing hordes of programmers abroad is not the answer — how can we develop and credibly market Indian software solutions to the business problems of advanced manufacturing corporations or truly global banks, when we have no such companies in India to develop the experience on?

Even in the world of PC software, success depends on being able to think like the most sophisticated of 'power users', which again requires a deep and ongoing involvement with the user community. The fact is, computer software is not a people-intensive business as such — it is a knowledge and experience-intensive business.

Despite the conventional wisdom of input/output models of the economy, we observe that sustainable competitive advantage does not come from having a large supply of a given resource, however critical. Indeed, to some extent, the opposite is true: Japanese automakers, faced with the challenge of a severe labour shortage, responded by putting robots on the production line, which turned out to give them the quality edge they needed.



In the telephone company example, Bell Telephones solved the problem by inventing automatic switchboards. The manpower problem in computer software will be solved in the long run by automated CASE tools and user-developed software. There is no way of knowing how this can happen. Neither can it fail to happen — it has happened in every other industry in the world.

What does confer competitive advantage in world markets is a dynamic process of continuous innovation, not merely in technology, but also in management practices, business methods and people development. Such innovation is always forced by a demanding home market and by intense competition with other firms trying to get at the same market. The development of the Japanese camera industry and the Italian ceramics industry are classic examples. The Italian ceramics industry, for instance, was driven by a strong, discriminating demand at home, and in spite of the absence, initially, of many critical inputs, including technology and equipment.

In the Indian software industry, none of the conditions for innovation exists. Far from providing a sophisticated and demanding market, Indian industry values software at the cost of the diskette, and views computerisation with suspicion because it might displace people (which it does).

In the market for large business systems, computer software is part of an ongoing service which requires daily interaction with the customer and a deep, intimate, knowledge of his business

As for the much-trumpeted government 'thrust' into software, it has been about as effective as government thrusts generally are. This is no indictment of the Indian government as such. Even the Japanese government, with unfailing regularity, picked the wrong targets for the country to focus on steel, pharmaceuticals, supercomputers, and did its best to discourage the very industries which Japan dominates today — automobiles, motorcycles, consumer electronics and photographic equipment.

In the last analysis, competitive advantage in global markets is determined in a fairly subtle way by the innate nature of the domestic market, not by government policy and not by accidents of nature. ■

ASHOK KORWAR

The author is on the faculty of IIM, Ahmedabad. He was, until recently, with a subsidiary of General Motors in the US, in charge of international business development in Asia.

My boss threw me out of his office!



I guess it was difficult not to spill over each others' offices.

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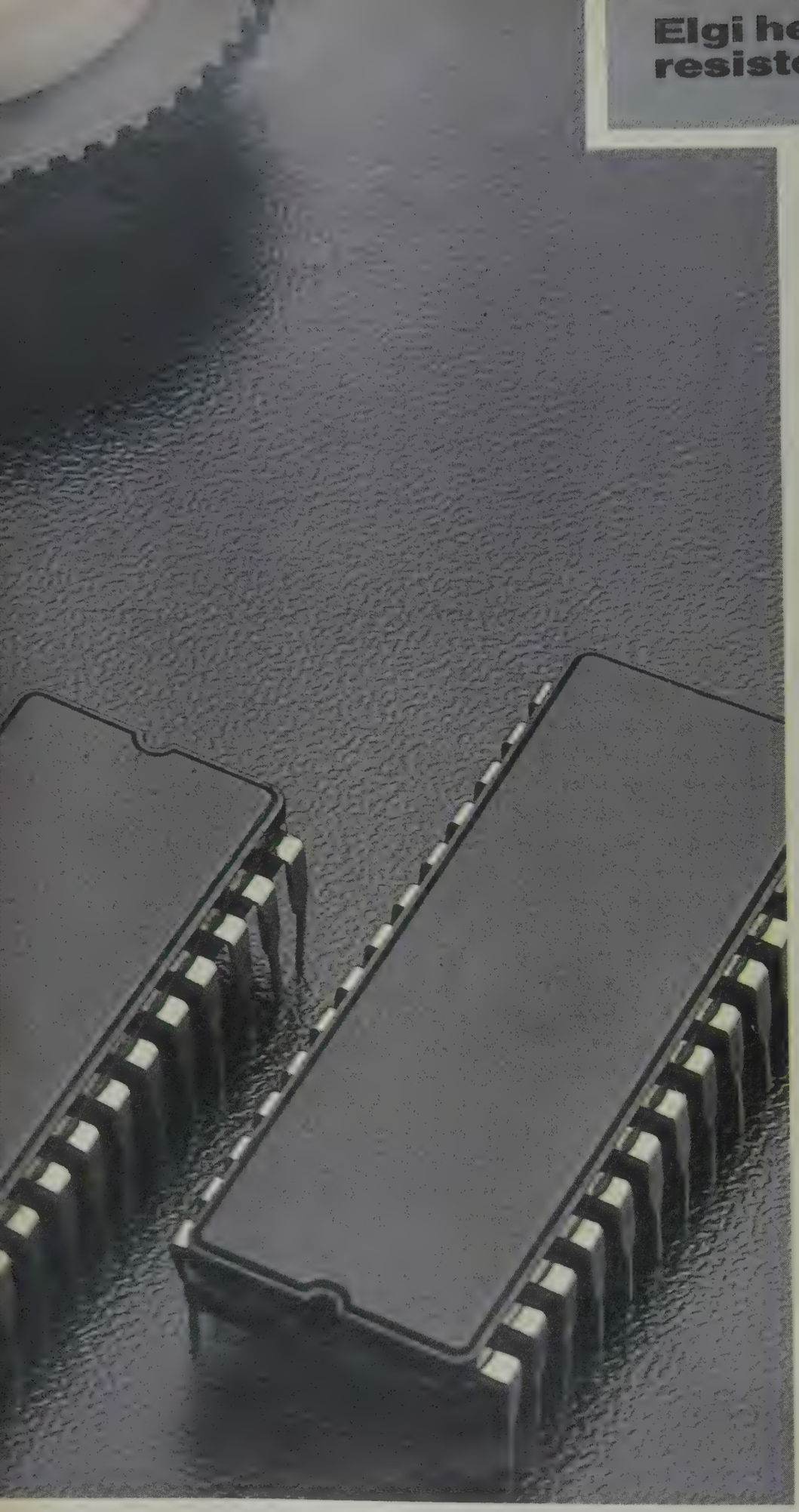
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Laying it on thick

Calorie counting, weight-watching, cholesterol-control, are the much-chanted *mantras* of the health conscious. Now food manufacturers seem to have taken up this chorus too. Conscious efforts are being made by them to cater to the peculiar needs of the fitness-conscious. For example, the low cholesterol content of the Saffola and Sunflower brands, was mainly responsible for the popularity of these cooking oils.

The latest branded addition to fatless foods is margarine, the low-cholesterol substitute for butter. A Calcutta-based company, Bharat Margarine Limited (BML), owned by Subir Biswas, launched the Spredit brand of table margarine in February this year. In the past, few companies have been successful in branding and marketing table margarine. Lipton's Blue Band table margarine, for example, which was launched a couple of years ago was soon withdrawn from shop shelves.

Undeterred by Blue Band's failure Spredit is laying it on thick to consumers in Calcutta. Its makers say they have a good reason to be confident. In margarine, a homogeneous mass of emulsified fats, oil and water, emulsification is a crucial process in production. And one of the best emulsification technologies, claim BML officials, has been acquired from Netherlands-based Royal Brinkers, the world's oldest and most famous manufacturer of both table and cooking margarine.



A spreading low-cholesterol threat to butter?

Advantage margarine

Currently, Spredit is only being sold in Calcutta, with the advertising and marketing strategy aimed at the health-conscious consumers. The central copy line of the ads says — the taste of butter without the guilt.

"We aren't trying to project margarine as tastier than butter. Instead we are emphasising the health advantages that Spredit has over butter," explains Pinaki Pan, BML's vice-president, marketing. To drive home this point, a chart has been attached to each box of Spredit, listing these inherent advantages. The chart is extracted from *Documenta Geigy Scientific Tables*, compiled by the Switzerland-based Ciba Geigy Ltd. According to it, the cholesterol content in Spredit is zero compared to 2,800 gm in cheese and 1,200 gm in butter. Likewise, the Vitamin A and D content in margarine is 7,000 gm and 400 gm respectively, compared to 5,000 gm and 40 gm respectively in butter and 1,800 gm and zero gm respectively in cheese.

For fighting its fatty rival, Spredit also has another weapon: price. A 200 gm box of Spredit costs Rs.12 compared to Rs.15 for 200 gms of Amul butter. For those on tight shopping budgets, that saving of Rs.3 to 4 could be a relief.

Due to all these factors and the intensive advertising blitz, the initial response to Spredit in Calcutta has exceeded expectations. "Our target was to capture 15 per cent of Amul's market, the most widely consumed butter over here. But we have achieved nearly 200 per cent more than that," says Pan. Ashok Kumar Paul, proprietor of the Aparna group, the biggest distributor of consumer products and pharmaceuticals, which is distributing Spredit to more than 1,500 shopkeepers in southern and central Calcutta, is also pleased with the margarine's performance. "So far, we have been servicing most of the Spredit-stocking shops twice a week, which is normally not done," he says.

No threat

The good initial reception from consumers has not sent the competitors into a tizzy. N. Huq, the Gujarat Co-operative Milk Marketing Federation's sales manager in Calcutta, says: "Yes, we know that a table margarine is available in the market, but that has made no difference to us." As such, his confidence is justified. Because, in West Bengal alone, the sale of Amul butter works out to more than 20,000 tonnes per year. Apparently Huq wants to watch the market closely for some months before he starts considering table margarine a threat to Amul butter.

Similarly, Paul also feels it is too early to conclusively judge Spredit's performance. "Whether Spredit has already got a stable market share or not, can only be determined over the next five to six months," he says. Paul in fact points out that because of the prevailing market conditions for bread-spread in Calcutta, the early signs of success must be viewed cautiously."Currently, Amul is in short supply and that might have created a slot for Spredit. Only when Amul's supplies normalize, will we be able to assess whether margarine has a stable slot," says Paul. The anti-margarine lobby however claims that the repeat sale of Spredit has already slipped by at least 50 per cent.

The task of consolidating Spredit's market share, however, can only be tackled once the legal threat confronting the company is sorted out. The Union government is suing BML for using flavour and colour in Spredit. Under the Prevention of Food Adulteration Act, no colour or flavour can be added to margarine. BML, on its part, argues that annatto, the colouring they have used in Spredit, is nothing but carrotene. And carrot being a natural product, the colour derived from it cannot be synthetic.

Vital decision

A decision in Spredit's favour is also considered vital for its future success. In this context many market observers have pointed out that Lipton's Blue Band table margarine flopped because Indian consumers did not accept a flavourless, colourless substitute for butter. Consequently, Spredit must retain its present flavour and colour if it is to succeed.

Once it overcomes the legal problems, BML plans to introduce Spredit in other metros — Bombay, Delhi and Madras. It's only when Spredit enters the national arena and battles the heavyweights, that it will be able to conclusively prove whether margarine is better or butter.

■ KAVERI MITTRA

RETIRED CHAIRMEN

Life in the slow lane

Though the pace is not as hectic as before, there is life after retirement for these ex-CEOs. Some continue working, some crusade, others just take it easy — but all with the same intensity and involvement they showed in their prime

Like death, retirement is inevitable. Professional managers know that one day, perhaps sooner than they might like, they have to come to terms with the career curtain call. For chief executives there are a host of complex issues associated with making a graceful exit: having a suitable successor to hand over the controls, planning for life after retirement and, most important, simply learning to let go.

From being monarchs of all they survey to being masters of none takes some getting used to. Former president of France, Valery Giscard d 'Estaing was once asked by a journalist what it felt like to be out of power. "How does it feel? About the same way you feel when you write a story that doesn't get into the paper," confessed the ex-president candidly. For those for whom the company was the centrepiece of their work existence, relinquishing leadership leads to a sudden loss of identity. Devoid of power and the perks of office, retired life seems like a "little death". Therefore, chief executives tend to keep on crusading in their own way even when out of office.

Prem Pandhi who was chairman of Cadbury India Ltd from 1975 to 1982 says he has never really retired. And, in fact, Pandhi still continues to pack in a full 10-hour working day. "The day you stop being busy you really begin to vegetate," he says of life outside the corporate sector. "I will never give up working until I die," he vows. Not for him the routine of his old college mates who live in his neighbourhood. The lives of these former civil servants and railway board members seem to be limited to reading the newspapers and morning and evening walks.

What really matters

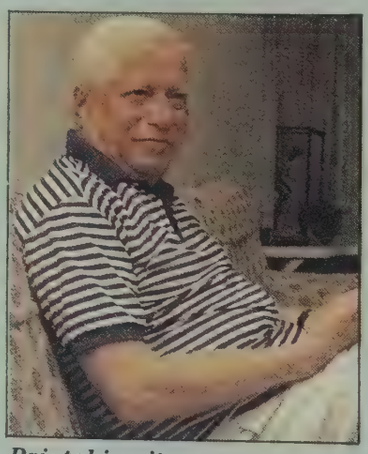
For Pandhi, a life devoted exclusively to leisure is taboo. The last 10 years have been spent in nurturing the Delhi-based International Management Institute that imparts management education to working executives. It offers both full time and part time courses in international management. "To bring up this institute has been one of the proudest achievements of my life. For, at the end, what matters is not whether you have been a chief executive but what have you really created." Today the IMI is financially self-sustaining and has built up a corpus fund of Rs.1.30 crore.

Apart from this activity, Pandhi sits on the board of six companies that include Jay Engineering, Macneill and Magor and Hongkong Bank. He is also full time chairman of a transport company. As past president of the PHD Chamber of Commerce and Industry and vice chairman of ASSOCHAM, he is still on several advisory committees of these chambers that meet once every two to six weeks. He also is on the selection committee of the ministry of agriculture that selects chief executives of several agriculture cooperatives and public sector fertiliser companies. "Selecting a chief executive takes away at least a whole day," he says. Now, also being on the governing board of the Indian Institute of Foreign Trade, Pandhi will help in designing a perspective plan and building up the institute's faculty.

Autumn sonata

Most bankers end up being consultants to companies when they retire. For N.N. Pai who was chairman of Corporation Bank in the late seventies and of the IDBI in the early eighties, and V.N. Nadkarni, chairman of State Bank of India during 1984-85, company directorships have been the hallmark of retired life.

Pai, being a heart patient, takes it a little easy: he has about 15 company directorships! "This is enough to keep in touch with what's happening around and to put one's ability to use," he says. Nadkarni, on the other hand, is quite fit and is on the board of more than 20 companies. This, he says, keeps him almost as busy as he was in the SBI days. "I must probably be earning much more than what I earned as SBI chairman," he says.



Pai: taking it easy

Why are retired bankers such prized commodities? As a banker one constantly appraises credit proposals and so is in touch with the industry. For any company therefore, a banker is the right person to advise on financial restructuring, credit management or as Nadkarni puts it, "making the credit proposals more bankable. By doing this we can help industry in obtaining finance from banks or financial institutions". Adds Pai, "As bankers we are aware of the company's responsibilities in legal terms. By being on the board, we can steer the company in the right direction." But sick companies are those that would beneift the most. Who else but a banker would know of the concessions available to sick companies?

Useful to society. No doubt, the excitement that the bank job provided is absent now. And so are the tensions. Yet, there is the satisfaction of spending time in a manner useful to society, but at an altogether slower pace.

Pai, in fact, represents the typical banker of the pre-nationalisation days when banking was really a private business and the chief executive could contribute to the growth of his company. As chairman of Corporation Bank, a small private bank based in Mangalore, Pai played a crucial role, "I was instrumental in basing the chief executive of a southern bank in Bombay and appointing an executive director for a private bank." In terms of business too, the bank grew from Rs.200 crore in deposits to Rs.500 crore in the two years of his stewardship.

Simultaneously, he groomed his successor, J.B. Kamath, who took charge when Pai quit in 1980. Ironically, for Pai there was a prize waiting at the end of it all — he was appointed chairman of IDBI — whereas the bank was subsequently nationalised. Later,



Pandhi: only death will stop me working

As for his corporate career, Pandhi feels his main contribution was in pioneering cocoa cultivation in India. Until 1975, cocoa was entirely imported, with cultivation possibilities existing only around the equator. Pandhi was instrumental in setting up experimental farms and promoting cooperative cultivation; and within a few years, with Malaysian help, India has turned into a cocoa exporter.

Playing games

But Pandhi has a playful side too. He plays five sets of lawn tennis thrice a week with former national champion Narendra Nath. Pandhi himself played competitive tennis on the international circuit from

Pai resigned from the chairmanship of IDBI in protest rather than "use his vote in favour of a particular party". But he has no regrets, as he can now spend more time with his family and also work part-time to satisfy his intellectual need.

Nadkarni's chief regret is that he did not cultivate any hobbies while overworking in office. The rewards for work were of course there. At 42, he was the managing director of a State Bank subsidiary — State Bank of Indore. Says he, "I was extraordinarily lucky as it was always I who superseded others and not the other way round". Now that the government control over banks has increased and the chairman is usually an outsider, Nadkarni feels that he got out at the right time, that too "unscathed" — an 'achievement' not many bank chairmen can boast of in recent times.

Consider B.V. Sonalker, for instance. After a brilliant career in Bank of India, he was appointed chairman and managing director of Central Bank of India in 1980. After his first term expired in 1983, he was given another three-year term in January 1984. Just about a year later, when the Sethia scandal broke out in February 1985, he was summarily asked to leave. Says Sonalker, "The Sethia affair surfaced in 1983 as a result of an internal audit done by bank's audit team. My term was renewed after that. So, to say that the Sethia affair was the reason for my dismissal is inexplicable." The government never gave a reason for this unceremonious treatment even in the court, as he was, "a contract employee and not entitled to a reason".

Loss of years. Naturally, under the circumstances Sonalker had not planned for retirement. So, he worked with a major cable company in Pune for three years on a full time basis and is now on its board. He also occasionally gives lectures at the National Insurance Academy and writes on banking. His only regret is, "I lost out on what could have been the four most rewarding years of my service."

B. Ratnakar, the wonder-kid of the banking world too voices a similar concern. With an active body and mind, one can contribute to the society a great deal, he feels. As chairman and managing director of Canara Bank for six years — 1982 to 1988 — Ratnakar beefed up the bank's reserves from Rs.15 crore to Rs.300 crore. Its gross profits also went up by 4.5 times. Ratnakar gives credit for this performance to the motivation and competition within the system. Says Ratnakar, "The targets set were often irrational, compared to the figures in the past. Nevertheless, one tried hard to achieve them and in the bargain overshot the normal trend. The point I made clear to my staff was that hierarchy is for administration only while for contribution there is equality."

It is this very zeal to "contribute to society according to one's capacity" and a strong belief in the fact that no one should head an organisation for more than five years that made Ratnakar eventually give up his position in 1988. The struggle he underwent thereafter is well known. Yet, he regrets nothing today. Even after two



Nadkarni: fit and active

years of being "out of the system", when he finally decided to set up his own financial services company — Fairgrowth Financial Services Ltd — Ratnakar effortlessly raised more than Rs.5 crore worth of equity from his circle of friends and acquaintances.

From Pai to Ratnakar, the times may have changed. But the fact that banking attracts the country's best talent is as true today as it was years ago. Naturally, therefore, to give back something to the industry which they served all their life is not only justified but also welcome. Why can't the government utilise this pool of talent, wonders one wise man, in the numerous committees it sets up?

■ ALPANA KILLAWALA

THE DIFFERENCE BETWEEN BORROWING TECHNOLOGY, AND DEVELOPING IT...



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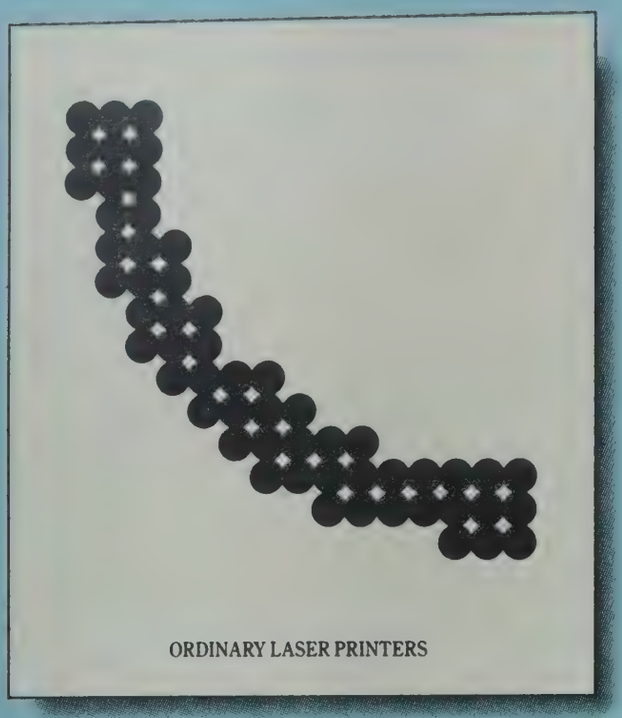
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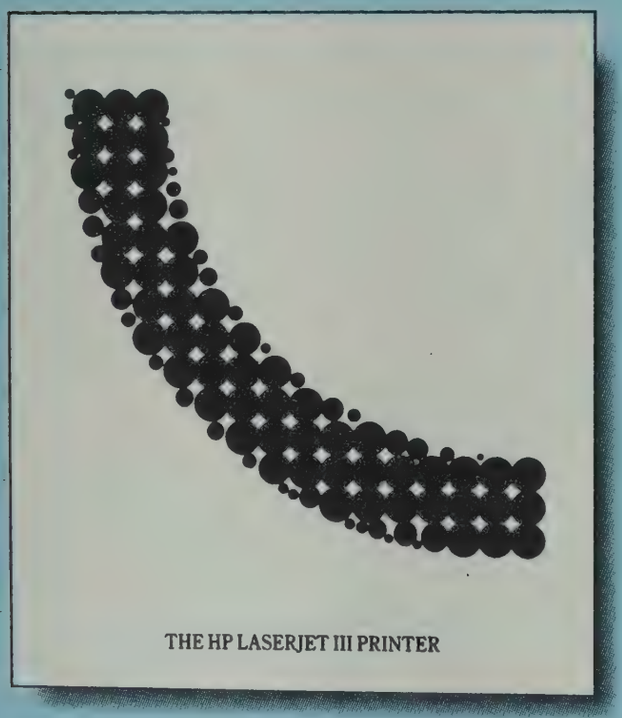
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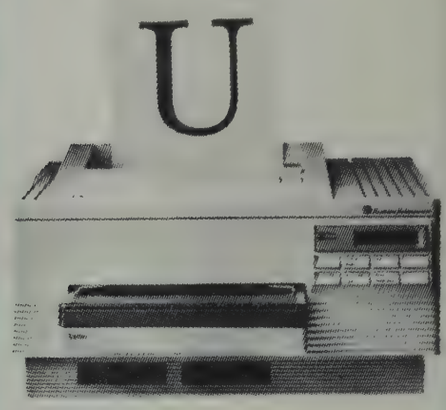
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1938 to 1950 — at Wimbledon, the French Open and the Davis Cup. In September, as president of the International Lawn Tennis Club of India, he will lead a seniors' team to play a tournament in Canada.

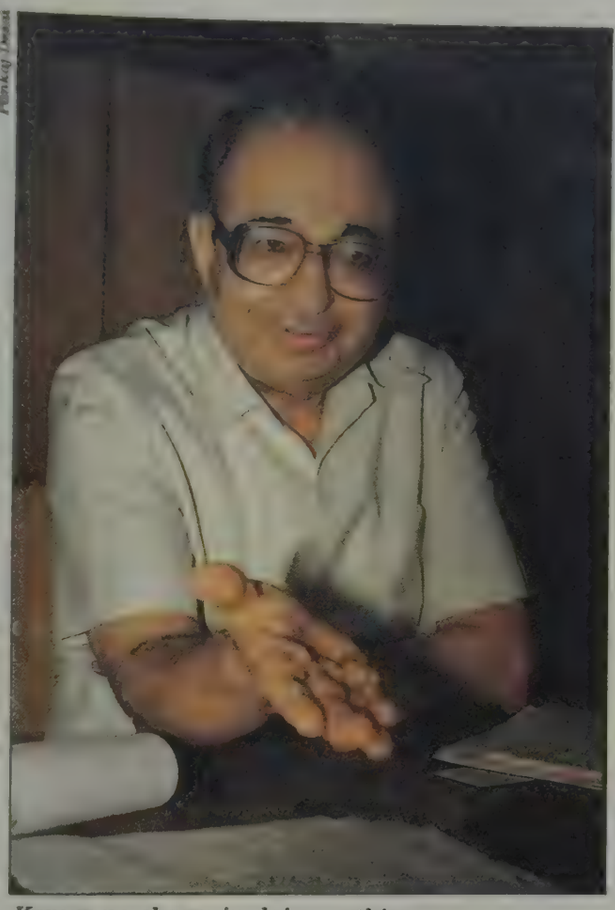
D.V. Kapur, founding chairman of the National Thermal Power Corporation, secretary, industry, government of India, secretary, chemicals and petrochemicals, government of India, admits that he too had problems adjusting to a life without cares. And that is not surprising, considering his hectic and high pressured career in the public sector. Before NTPC he did a brief stint in the Indian Railways and then joined BHEL in 1961. He set up the Jhansi facility which was commissioned four years ahead of schedule. When Kapur was picked to set up the NTPC, he was only 47. In 1981 he became secretary, industry, and in 1985 took over as secretary, chemicals and petrochemicals, before retiring in 1987.

Setting up the NTPC brought him recognition from the World Bank which described him as a model manager. "Good management is management of detail. This is singularly lacking in the public sector," he says. "The rest is hard work, sincerity and devotion. It has little to do with individual genius."

He has practised what he now preaches. Kapur used to subject himself to a punishing work schedule: 12 hours a day for six and a half days a week. But the



Samuel: "master of my own time now"



Kapur: no charm in doing nothing

nose-to-grindstone approach paid off in terms of real, measurable achievements. When Kapur took over the department of heavy industry, it was making losses of Rs.50 crore. Within four years he had turned it around, and by 1985, it made a profit of Rs. 50 crore. What he misses the most after retiring are the brain storming sessions that he used to have in the government.

Kapur says he had every intention of enjoying a totally laid back existence. Within a couple of weeks the charms of doing nothing began to pale. Since he was a part time chairman of the National Productivity Council he began taking that up very seriously. Kapur is now honorary chairman of the Indian Institute of Technology, Bombay as well as an advisor to the DCM group on systems management and HRD.

Choosing a successor

Unlike in the public sector where the succession issue is the prerogative of government, a private sector chief has to assume in large part the onus of identifying and grooming a suitable heir. One company which has devised a perfect system for doing this is the multinational Unilever group. C.S. Samuel, former president and chief executive of Brooke Bond had a successor well in place one year before his retirement. A lot of effort was put into preparing J.S. Sabharwal, the current chief for the top job at Brooke Bond. Samuel says his objective was "to hand over charge to someone potentially superior so that future business challenges could be met." At the same time, he feels that the legacy should be both qualitatively and quantitatively superior to what it was initially.

In this respect, Samuel acquitted himself admirably. Just before he left in 1989, Brooke Bond's turnover stood at Rs.540 crore and profits at Rs.49 crore. During his tenure the company also shifted its corporate base from Calcutta to Bangalore. Samuel is quintessentially a Levers man, having started out as a trainee at Hindustan Levers at the age of 24. His basic training was in finance and he put in a rewarding five-year stint as chief accountant. In 1971 he switched from Levers to Brooke Bond as director, finance, and within seven years was in the top slot.

Since his retirement, Samuel has been an honorary faculty member teaching business policy at the Indian Institute of Management, Bangalore. Samuel is also pesident of the Anga Karunya Kendra, a society for polio victims. He retains his links with the corporate world through his directorships at Consolidated Coffee Ltd, and Times Financial Guaranty. Time was a precious resource in pre-retirement life. "Now I am master of my own time," says Samuel. He has the time to devote to his son's company, Famco Investments, and enough left over to tend his five-acre farm situated close to his old corporate office at Brookefields.

Active retirement

Another active retiree is M.K. Kumar, erstwhile chief of Best and Crompton. He continues to be chairman of Gestetner India Limited and Peirce Leslie India Ltd. He spends 30 per cent of his time with Peirce Leslie (where he has been helping to restructure the company) and 30 per cent with Gestetner working on a revival strategy for this duplicator manufacturer. He is also a member of the Master Share Mutual Fund division of UTI, a director both at Chemplast and Fairgrowth Investments Ltd

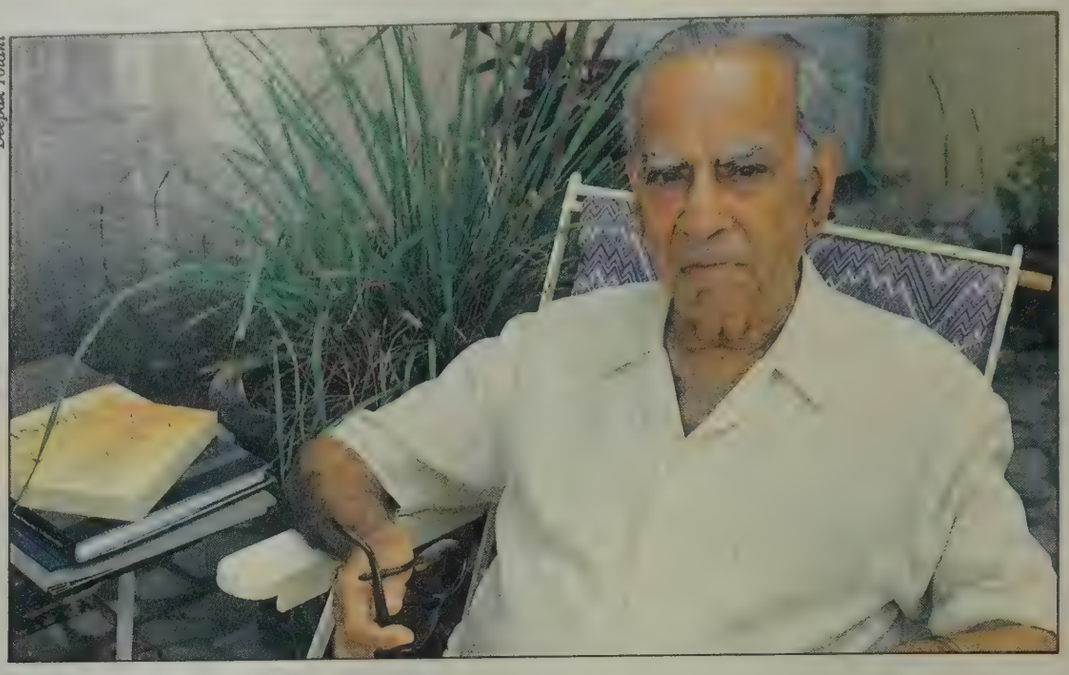
A chartered accountant who started his career with the Kerala-based Peirce Leslie, Kumar shifted to Shaw Wallace and rose to become director, finance. In 1979 he switched over to Best & Crompton, Madras, as executive chairman. Two years later he was given the additional title of managing director. B&C till that time was predominantly an electrical contracting company. Kumar is credited with revamping the company and diversifying its manufacturing base.

In the five-year period between 1981 and 1986, he transformed B&C from a Rs.20 crore company to a Rs.120 crore conglomerate. But the crash came in 1986 when Malaysia and Saudi Arabia, where B&C had major contracts going, defaulted on payments. This resulted in a major cash crunch which eventually led to the company being taken over by the UB group. Kumar chose to retire in 1988, despite a request from the financial institutions to stay on.

Kumar is now closely connected with various public institutions. He is president of Lady Willingdon Nursing Home in Madras. "This nursing home has not had any expansion plans for the last 30 years. But now we have launched a Rs.6 crore expansion. This is rewarding work," he says. He is also a trustee of the ESI Social and Labour Research Foundation, Bombay. An achievement he would like to single out is his association with the Indian Society for Training and Development between 1972 and 1974. The permanent secretariat was formed for the first time and significant work was initiated.

In Kumar's view, the ability to keep a certain distance from the job is necessary for a manager aiming for the top job. "One has to learn that one cannot succeed all the time," he says. A good chief executive should show aggressive leadership. In a professionally run setup with substantial institutional shareholding, it is necessary to build up rapport with the finance institutions and banks and maintain open communications.

Deepak Tolani



Tandon: writing books, lecturing ...

Leisurely pace of life

Clearly, for Kumar, retirement clearly means a lot more freedom and a more leisurely pace of life. There is much more time to be with the family. "My wife never liked travelling with me, as she was always left alone in hotel rooms. But last summer we took a cruise together. And I find myself actually watching TV," he says lightly.

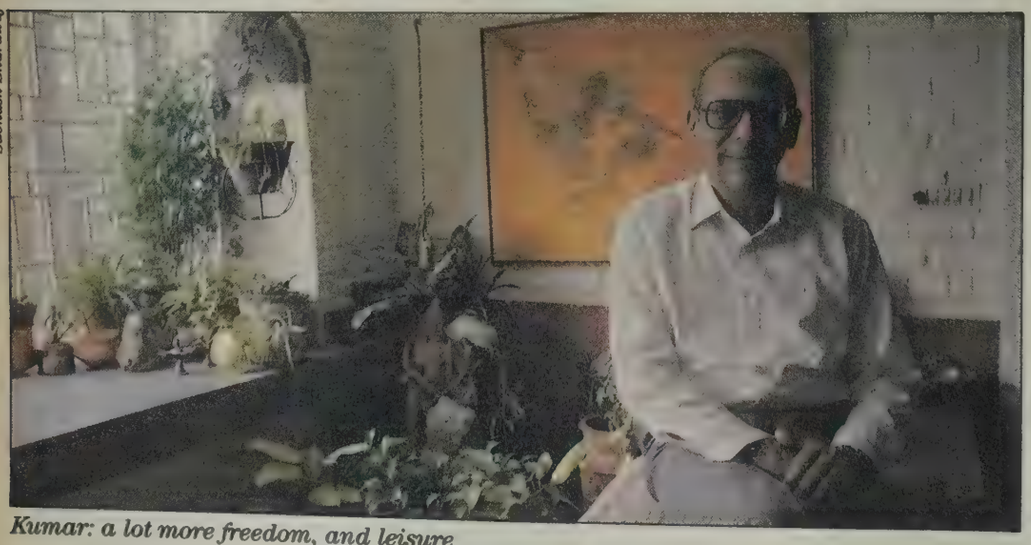
What makes P.L. Tandon's career unique is that he has had the experience of working on both sides of the fence. After seven years as the first Indian chairman of the multinational Hindustan Lever Limited, Tandon opted to cross over to the public sector — taking the chairmanship of undertakings like State Trading Corporation and the Punjab National Bank. On retiring from PNB, he decided to devote himself to education.

Now 80, he divides his time between writing books and travelling all over the country to deliver lectures at conferences and seminars. As a result, Tandon is well tuned to the developments around. Says he, "The strength of a country lies in its institutions — be they banks or universities. Unfortunately, barring women's organisations, institutions in India are weakening." Whilst giving lectures at the management institutes he has an opportunity to see today's youth at close quarters and is assured that "we can be the world's best bankers and managers. That is, only if we internationalise ourselves." With his children well-settled and his wife assisting him in his secretarial work, Tandon presents a picture of a man who has come to terms with the altogether different ground rules of retirement.

As Irving Shapiro, the retired chief of Du Pont, once remarked, "Every chief executive officer should remember that the position exists not for his benefit, but for the corporation's. It is his job to know when it is time to step down." These corporate heroes of yesteryears continue to make their contribution. Hopefully Indian industry should be wiser for it. ■

ARIF SHARIF in Delhi, SUSHILA RAVINDRANATH in Madras and DEVAPRASAD PUROKAYASTHA in Bangalore with NAAZNEEN KARMALI

Subhash Bhardwaj



Kumar: a lot more freedom, and leisure







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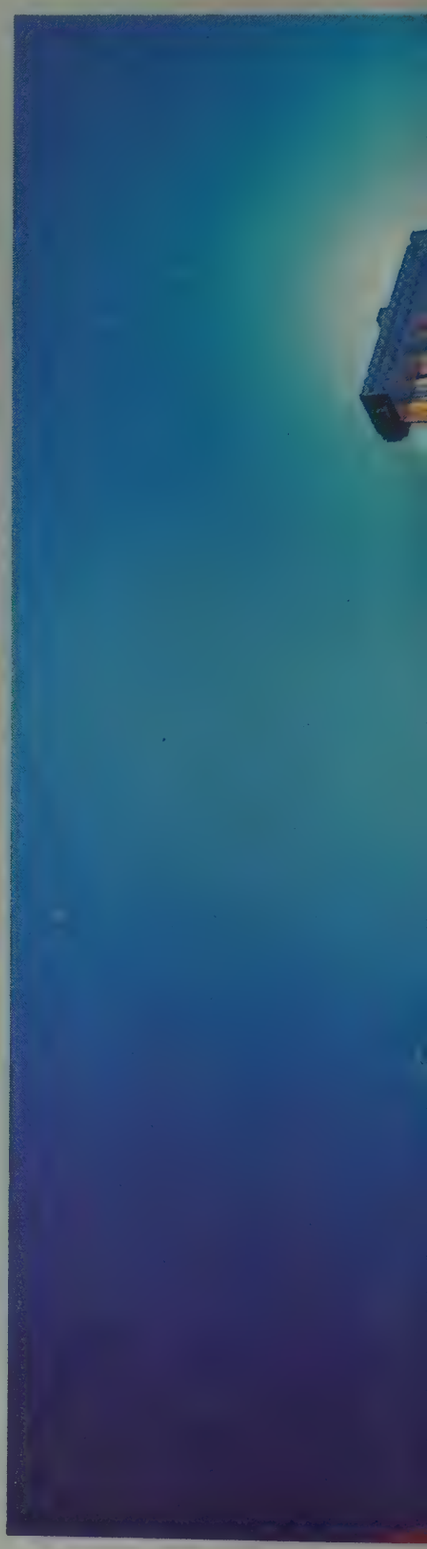
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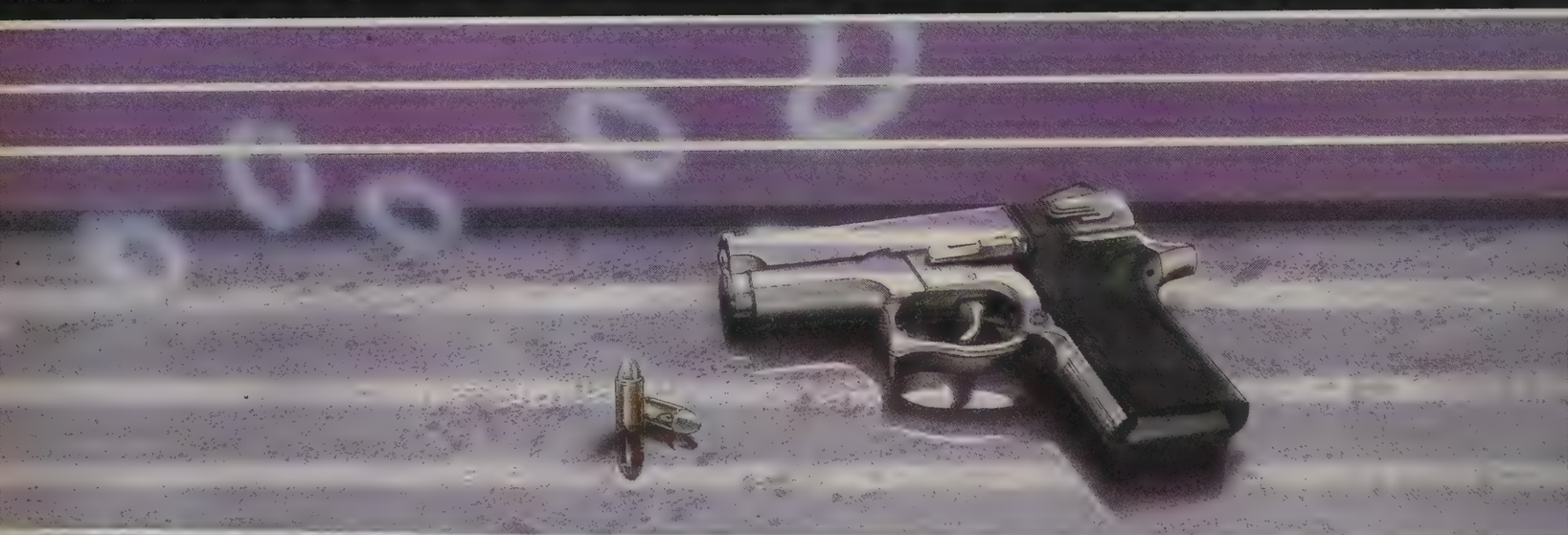
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The World Paper

INSIDE: SIX POINTS FOR PEACE

AMMAN—There is a desperate need for new thinking by world leaders and decision makers within the region in addressing the current crisis in the Middle East.

Just as efforts are being made to ensure a positive outcome to the end of the Cold War in Europe, a positive outcome should be promoted in the Middle East.

The question is not whether dictators and regional bullies should be appeased or wiped out. The underlying core issues that have led to the emergence of Mossadeq in the 1950s, Nasser in the 1960s, Khomeini in the 1970s and the continuing crisis of the 1980s have to be seriously addressed by world leaders.

A more broadly defined regional security system that goes beyond ensuring the safe flow of oil to the industrial nations has to be considered. *Continued on next page*



BY CROWN PRINCE HASSAN OF JORDAN

AFTER WAR WHAT?

■ DISPATCHES FROM AMMAN, NAIROBI, ANKARA, ISLAMABAD AND RIO DE JANEIRO ■

After war, what?

Continued from previous page

If the current crisis is resolved by military means and the same regional security paradigm is maintained, it is anybody's guess what sort of nightmares will emerge after the dust settles in the 1990s and at the turn of the century.

The G7 and other major members of the Organization for Economic Cooperation and Development (OECD) are understandably preoccupied with next month's supply of oil and the stability of their stock markets next week. However, it is useful to ponder the extent to which OECD policies contributed to the almost dialectic and seemingly ineluctable successive emergence of Mossadeq, Nasser, Khomeini and the current crisis.

What are the prerequisites for considering a new regional security system that safeguards the vital interests of the leading industrial nations and simultaneously addresses the causes of radicalism in the Middle East?

The starting point is a fuller recognition of those core issues that have been relegated to positions of secondary and tertiary importance. These issues are symbolized by the matrix of the "haves and have-nots" at the national, regional and interregional levels.

The US$180 billion external debt of the Arab countries has to be examined against the reported $500 billion of external Arab assets. The additional $60 to $70 billion external debt of the non-Arab nations (Turkey, Iran and Israel) has also to be considered. Even in the case of a perceived stable and reliable ally of the West such as Israel, its decision makers have their backs to the wall in the face of an external debt of $25 billion, double-digit inflation and double-digit unemployment. The democratic process in the state of Israel is, according to many Israeli analysts, in jeopardy due to mounting domestic economic crises.

The portfolio managers of Arab assets in the OECD markets are understandably wary about any sudden actions that can disrupt existing patterns. However, imaginative regional financial packages can be developed (without disrupting world financial markets) to replace the bilateral donor-recipient philanthropy that has led the region into a cul-de-sac.

A Conference on Security and Cooperation in the Middle East can help create an increased awareness of the desperate need for all parties (both within and outside the region) to reassess their interests and "conventional wisdom." Iran, Turkey and Israel, as well as the Arab nations, should be part of the process.

High on the agenda of any such conference or process would be the debt crises faced by the Arab countries as well as Turkey and Israel. It is not a matter of sacrificing principle or forgiving existing debts, but it is a matter of restoring legitimacy and adhering to civilized rules of the game without plunging the region into another four decades of misery and waste.

The economic causes of radicalism at the national level are being mirrored at the regional level. Just as national radicalism has to be dealt with imaginatively, regional radicalism has to be addressed by considering an alternative regional security structure.

Inspired by the Helsinki Process, the Conference on Security and Cooperation in Europe (CSCE), some European nations have launched an initiative to develop a Conference on Security and Cooperation in the Mediterranean (CSCM). The ministers of foreign affairs of Algeria, Spain, France, Italy, Libya, Morocco, Mauritania, Portugal, Tunisia and Malta met on the 10th of October, 1990 in Rome.

The organizers of the CSCM concept issued a note that is of special relevance. The following preamble is particularly meaningful within the Middle East context:

"After the invasion of Kuwait, the urgency of devising a new type of relations between the countries of the area has become evident. Various proposals to such effect have been put forward by several countries. We feel, however, that our idea of a CSCM is not just another proposal for the solution of a specific crisis through an ad hoc international conference.

"It wants instead to be a comprehensive, progressive and global approach to the problems of the region by adopting a set of generally accepted rules and principles to be followed after the solution of the crisis and by dealing at the same time with the aspects of security and disarmament, those of economic cooperation and those relating to the human dimension."♦

An agenda for peace

The burning issues that can't be delayed

CROWN PRINCE HASSAN'S vision of an evolving Conference on Security and Cooperation in the Middle East would address the most intractable problems that have bedeviled the region in recent decades. Specifically:

- Palestinians—Recognition that this question permeates many aspects of a regional settlement, and that the relationship between individual rights, economic opportunity and demographic factors is central without prejudicing the legitimate rights of the Palestinian people in any postwar agreement.
- Regional Development Fund—10 to 15 percent of the annual oil revenues of all Arab countries would be earmarked for funds to assure greater balance in social conditions between the wealthy and underpopulated "have" countries of the region and the poor and overpopulated "have nots."
- Oil Price Indexing—Oil prices would be indexed and stabilized through a new association of OPEC oil-producing and major oil-consuming countries, including the US, USSR, India and China.
- Human Rights—Adoption of existing UN human rights standards or the development of a regional one to safeguard the rights of all peoples in the Middle East.
- Control of Weapons—The oversupply of arms would be controlled through existing bans on the development of nuclear, chemical and biological weapons and by conventional arms negotiations between supplying and recipient countries.
- Confidence Building—Measures to reduce tensions in the region would include limiting the types of military equipment deployed to border areas and improving mechanisms for interstate communications (hot lines).

When the bombing began

Dispatches of first thoughts on war

Jordan: Mother of all battles?

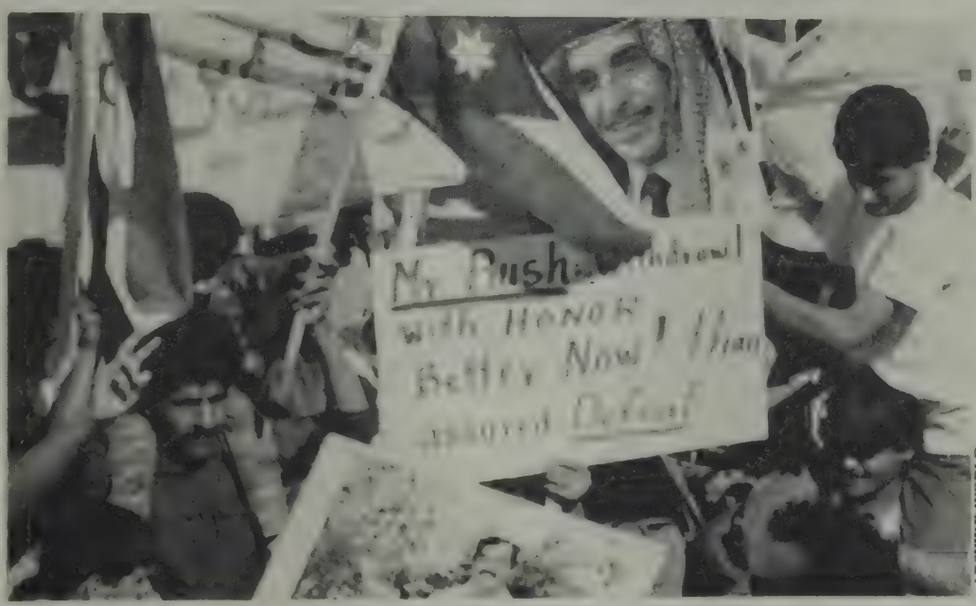
It was about 3:30 in the morning when a friend called to tell me that the war had begun: "Baghdad is under heavy bombardment."

A few hours before that, I had a feeling that the so-called allied forces would strike Iraq that night. Still, I was stunned to hear the news. We had been psychologically prepared for war for more than five months, but the fact that at that very moment an Arab capital was under attack could not pass without a flood of conflicting emotions overwhelming me. This was not going to be a war for the liberation of Kuwait, but a crusade against Arabs.

A few minutes later we saw the press conference of the US secretary of defense and the military chief of staff. The initial reports, according to them, were satisfactory. Most of Iraq's military potential had been neutralized, they claimed. At that bleak moment my heart sunk in despair. The last thing I, as an Arab, wanted was to see Iraq's military and economic capacities destroyed.

Our feelings and hopes for Iraq transcend the Gulf crisis. To us in Jordan, the issue is no longer Kuwait's occupation, but America's subjugation of the Arabs. During the tense five months of the Gulf crisis, Saddam Hussein became a symbol of our rejection of such subjugation. He has rekindled the dying flames of nationalism, self-pride and final emancipation from the ugly inheritance of colonialism.

Before bombs fell on Baghdad, The WorldPaper's *contributors were asked to put into writing their thoughts on the outbreak of war. The following articles were written during the war's first 48 hours.*



AP/WIDE WORLD

Still, it was a real war. Just listening to radio reports about the number of allied sorties, the kinds of aircraft, the tonnage of bombs, the range of cruise missiles and their devastating effects brought bleak pictures to our minds. By night we discovered that many of the early morning reports were, in fact, incorrect.

Away from the raucous living room I sat alone in one dark corner of my study. I still had to digest the fact that war was indeed alight in the Gulf.

What frightened me was not the possibility of Iraq's defeat anymore, but the fact that this conflict was soon going to transform into a holy war, not only in the religious sense, but in the human and individual sense also. No matter what President Bush was saying, the Arab people were rallying behind President Saddam. Reason: Western historical miscalculations and misadventures in our region for the last century. The conflicts of this region were indeed linked, if not on the surface, then in the roots.

That night I had a feeling that something was going to happen which would widen the dimensions of the war. That night Iraq launched its much-dreaded missiles against Tel Aviv and strategic sites inside Israel. One missile is said to have hit Dimona, Israel's own nuclear reactor. President Saddam Hussein has made the linkage stick this time. I became certain that this was going to be a long and devastating war, and it was just the beginning.

—By Osama El-Sherif, associate editor for the Middle East

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Kenya: Mixed feelings

I didn't learn about the outbreak of the war until the following morning, several hours after US and allied bombers had started their air raids against Iraq in the dead of night. The first strike did not come as a surprise to me. Mr. Saddam Hussein had painted himself into a corner and could not pull out of Kuwait without what to him appeared to be an unacceptable loss of face.

Mr. George Bush wanted an opportunity to get rid of Saddam Hussein and to destroy his war machine once and for all. Peace was the last thing on Bush's mind though it formed much of his pre-war rhetoric.

Out here in Kenya, the public has been curious. Would Saddam Hussein get away with tweaking the nose of a superpower—America? There was some admiration for a Third World leader who dared thumb his nose at the rest of the world, but there was also the fear or sneaking suspicion that his bravado would lead to the unnecessary loss of innocent lives on both sides.

There is a sizable Muslim community in Kenya which is divided over the war, with some supporting Iraq against what they consider to be non-Muslim infidels, and others supporting Saudi Arabia. In both cases the determining factor is not knowledge of the issues at hand, but who in the past has provided financial support for local Muslim community projects.

Most Kenyans worry more about the impact of the war on the economy, especially on the price and availability of crude oil which the country imports from the Gulf area. Tourism has been hit very hard, with some hotels and resorts reporting more than 50 percent cancellations during this peak tourist season. And like most other African governments, the Kenyan government hopes and prays that the war is short-lived.

Kenya is one of the many countries which condemned Saddam Hussein's annexation of Kuwait and voted for UN sanctions against Iraq. The government would rather have seen the UN sanctions proven ineffectual before recourse to war was taken, though no statement to that effect was issued.

My own stand is pretty close to that of the Kenyan and other African governments. Iraq had no business invading Kuwait and should have withdrawn unconditionally before the UN January 15 deadline. In this day and age the world cannot tolerate bullies who want to impose their will on smaller and weaker neighbors the way Iraq has done.

But, having said that, I do not think one can avoid the linkage with the Palestinian question that developments in the Gulf area suggest. Without a permanent solution to the Palestinian problem, other Saddam Husseins will spring up in the Middle East and no amount of firepower from the US or its allies is going to contain the situation permanently.

Beyond the war, I have other worries. In a unipolar world in which the Soviet Union can no longer stay the hand of what we used to refer to in the past as Western imperialism, are we entering an age in which the remaining superpower, the US, imposes its will on the world community by dint of its military might rather than through diplomacy?

To my mind, the Gulf crisis is a case where military solutions were preferred to diplomacy. It would be catastrophic for the sovereignty and integrity of small nations, particularly those in Africa, if the end of the Cold War and the war in the Gulf were to usher in American hegemony on a global scale.

—By Hilary Ng'weno, associate editor for Africa

'Without a solution to the Palestinian problem, other Saddam Husseins will spring up.'



AP/WIDE WORLD

Turkey: Too close for comfort

The Turkish people have been expecting a war in the Gulf from the moment Kuwait was invaded by Iraq and American troops were stationed in Saudi Arabia. Most expected a sudden blow by the modern-equipped American army and were generally amazed, though of course appreciative, of diplomatic efforts which continued up until the bitter end.

(I should mention that to the Turkish man on the street the allied forces and the American military are one and the same.)

Nonetheless, when Perez de Cuellar's mission to Baghdad failed, people in eastern and mid-Anatolia, which includes the capital of Ankara, rushed to buy groceries. Store owners saw a run on food staples like rice, sugar, flour, spaghetti and butter; long lines formed in front of banks as some rushed to withdraw their money. Alert to the financial hazards of war, people either hid money under pillows or bought foreign currency—US dollars or German marks. With the panic, the Turkish lira was rapidly losing value against the dollar and other foreign currencies until the central bank slowed depreciation by releasing dollars into the system.

There are no shortages of food and the government assures that grain stocks will last through summer of 1991. So, after a few days of panic shopping, daily life is back to normal. The only upheaval to report is that a large number of people are still moving from east (where the country borders Iraq) to west.

Both the Turkish people and their politicians seem to be in accord: The attack against Iraq is necessary. Even the two opposition parties in parliament agree the attack was called for. The opposition agrees the American attack is just, but did warn the Turkish government not to get involved because of the country's sensitive location.

But when, on the second day of the Gulf War, the government decided to let American aircraft use Turkey's Incirlik air base, Turkey's involvement became a critical issue in the press and spurred a harsh debate in parliament. The opposition fears that Turkey has become a target for Saddam because of Incirlik

and they are concerned that we are in range of Iraq's missiles, which could lead to Turkey's participation in the Gulf War.

According to Kamar, a research institute, 89.2 percent of the Turkish people are opposed to their country's involvement in the war, but nearly 60 percent believe that the allied attack is justified.

One thing is certain: the Turks see Hussein as a future threat. Most unanimously blame him and see the war as punishment for his stubbornness. Most also believe that Hussein must be disarmed, otherwise he could attack Turkey sometime in the future. And even the most religious people do not believe in his religious fervor; they see through his showmanship. The streets are empty at night, because homes are safe havens as well as good places to watch CNN.

—By Haldun Armagan, freelance journalist based in Ankara

Canada: The price of security

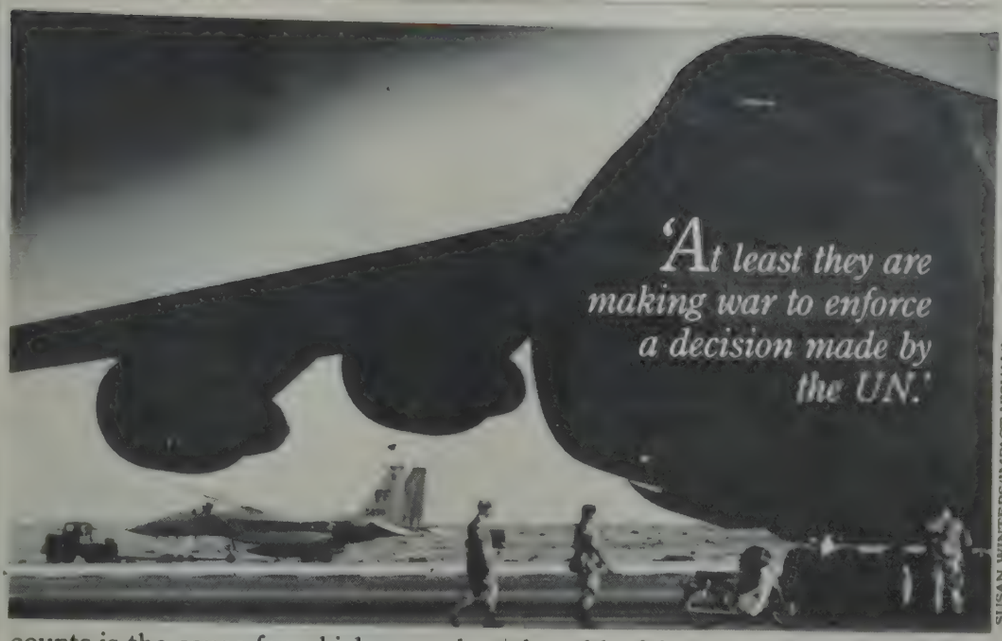
I'm old enough to remember the start of World War II, in Britain.

The reward for victory was to be a better world, including a United Nations to keep the peace. Yes, we had tried collective security before and it hadn't worked, but the UN would be different. Soon we discovered, despite Korea, that it was not different enough; it still lacked the political will and the forces to deal with war makers.

There was progress. The UN played a key role in ending the Suez War in 1956 and, on a Canadian initiative, began to use troops to keep the peace in the Middle East, Africa and elsewhere—not to make peace but to help keep the combatants apart when the fighting had been stopped by negotiation.

It is that old ideal of collective security that shaped my attitude to the Gulf crisis. The alliance to drive Iraqi invaders out of Kuwait was, of course, largely a US invention, but at least the US sought UN authority to make war. If the UN failed now, it seemed to me, it might never recover. If it succeeded in authorizing war to defeat a war maker, it would be a step, possibly a giant stride, toward true collective security.

So, when I watched on TV the start of the Gulf war, my feelings were mixed. I'm not a war activist, but neither am I naive enough to believe with the peace activists that war can readily be abolished as a way of settling disputes—nor hypocritical enough to deny that the drama of war has a certain appeal. What



SUSAN WINTERS/IMPACT VISUALS

counts is the cause for which we make war. I'd prefer it if the allied forces in the Gulf were wearing blue berets and fighting under UN command (and if the price of oil were not at stake). But at least they are making war to enforce a decision made by the UN, and that is reason to hope for a more secure future.

—By Anthony Westell, associate editor for North America

Pakistan: Passion in the streets

I first learned that the war in the Persian Gulf had begun through an announcement via CNN. It was, I think, around five minutes past 5 a.m. local time that the White House spokesman announced tersely that "the operation to liberate Kuwait has begun."

From a historic, cultural and religious perspective, Baghdad has held a special place among the Muslims of the South Asian subcontinent. After Mecca and Medina, Islam's holiest shrines for both Sunnis and Shias are located in Iraq; Pakistanis are saddened and angered that American military power has been directed against a fellow Muslim country.

The Gulf War has evoked an emotive resonance among Pakistanis. Such a reaction to foreign policy has not been seen since 1956 when the Suez War brought Pakistanis out into the streets organizing demonstrations in support of Nasser's Egypt against the aggression unleashed by France, Britain and Israel.

This time around, as well, while the official stand of the government of Pakistan supports the multinational forces in which it has made a token contribution of 11,000 troops stationed "in a defensive position" in Saudi Arabia, the popular pulse reads otherwise. Mass rallies spanning the length and breadth of the country in support of Iraq against the US reflect the mood and posters of Saddam Hussein offering prayers in his khaki uniform are selling like hotcakes.

The reason for this popular sentiment in Pakistan in support of Saddam and against the US can be analyzed on three counts. First, through popular perception the issue is seen as that of Iraq, a small Muslim country, defying the military might of a superpower; a Muslim David facing a Christian Goliath.

Second, Pakistanis tend to see double standards in the attitude of the American-led coalition, which is prepared to go to war to vacate Iraq's occupation of Kuwait while not batting an eyelid over similar brutal, long-standing occupations in the region—including Israel's occupation of Palestine and India's presence in Kashmir. This double standard is attributed to oil needs and the self-interest of a superpower that impels it to act selectively.

Finally, the issue here is perceived as that of Saddam becoming the first Arab and Muslim leader to launch a direct attack on Israel in the last 42 years. This initiative more than any other, which has symbolic significance, has helped to transform Saddam into a hero among Muslim masses.

In any case, America's actual agenda, in the mind-set of most Pakistanis, is seen not as the liberation of Kuwait or the defense of Saudi Arabia but the destruction of the military power of another Muslim country and the construction of a "new world order" around the sustenance of a status quo favoring the state of Israel.

—By Mushahid Hussain, freelance journalist based in Islamabad

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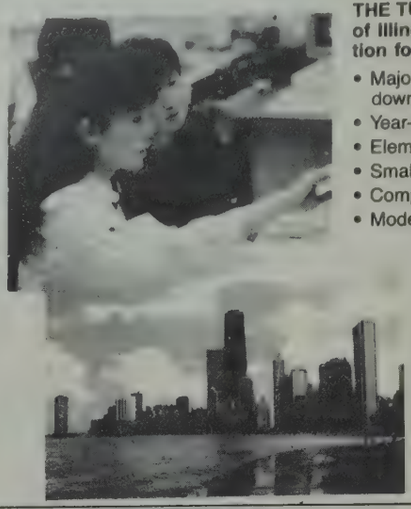
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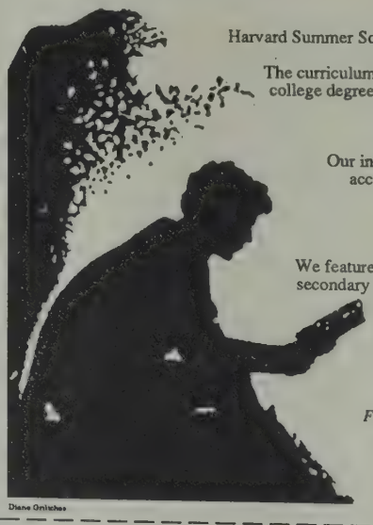
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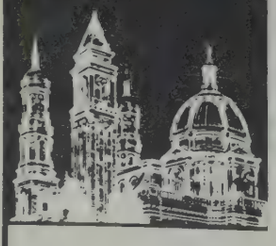
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Brazil: Distant thunder

The lights in the poor houses of Morro do Fogueteiro, a *favela* (shantytown) near downtown Rio, were on late into the night of January 16th. The *favela* was still silent around 9:30 p.m. when a domestic servant, Sonia Pereira, suddenly stopped mending her son's trousers and began to watch the first reports on television. Seconds later, Sonia shook her sleepy husband and shouted: "It began!"

By 11:00 p.m., dozens of Fogueteiro dwellers gathered at the only open *boteco* (a shantytown pub) to quarrel about the war the same way they do daily on subjects like soccer, carnival and women.

Almost four kilometers from the *favela*, in the middle class neighborhood of Botafogo, 25 intellectuals gathered at the Brazilian Institute for Social and Economic Analysis (IBASE) to exchange opinions on the consequences that a possible Gulf War might have on Brazil. One economist was in the middle of making a statement about the inevitable increase in gasoline prices when someone entered the room and announced: "The madness has started." After a moment of silence, the same economist, clearly embarrassed, commented: "At least now we don't need to speculate anymore."

For a few brief moments, shantytown dwellers and middle class intellectuals shared a common worry. None of them could understand why the planet was again sinking into a war nobody wanted; a war being made dramatically near via live TV. The Brazilian networks had sophisticated schemes to cover the war, but when the bombing of Baghdad began, none of them had any live broadcasts to show for their planning. On all channels, anguished anchors were desperately trying to contact correspondents by phone.

When General Colin Powell issued a statement that the war would last longer than was at first expected, Brazilians began to worry about the only things that excite them about the summer—the beach and carnival. One radio listener inquired about the possibility that the South Atlantic ocean might be affected by the oil spilled in the Gulf.

"Only the final apocalypse could force us to suspend our parade" joked the president of the association of samba groups in Rio.

The only significant change in the carnival will be a single name change—the traditional and world-famous ball "A night in Baghdad" (known for its nude women) will this year be called simply "The Rio Ball."

—By Carlos Castilho, freelance journalist based in Rio de Janeiro

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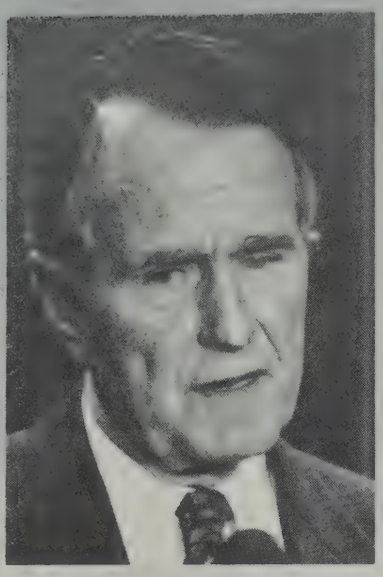
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Satan against Hitler?

BY DANIEL PASSENT



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AP/WIDE WORLD

TWO POWERFUL armies stood facing one another, showing their teeth and as willing to fight as two mad wolves which the world could no longer leash. The president of Iraq compared the American president to a Satan and George Bush in turn called Saddam Hussein a Hitler. It is the psychology of these two Napoleons that adds another dimension to the Gulf War.

As if in a western movie, the two faced off, the whole town scared, everybody watching. Both crossed the point of no return and could not step back without a loss, which does not mean that both are right or tarred with the same brush. I happen to sympathize with the coalition, though not with the war. But each of the two feels right in his own way and each is stumbling into his own trap.

For both it is a war that was not unavoidable. It is an unnecessary and unwanted war of principles rather than a war about safety, of ambition rather than politics, personal rather than national, and for each of them it is a war of survival—political in the case of George Bush and almost physical for Saddam Hussein. It is a war of "to be or not to be" for both leaders, but not for their countries and allies.

Kuwait—the pretext for the war—has long since been forgotten. Who believes that Iraq, which could not bite Iran earlier, now can't do without Kuwait? And who believes that the US, which was unable to crush Vietnam, had no scruples in Panama and was openly involved in overthrowing various regimes in Latin America, could not bear the injustice done to Kuwait? The Evil One, the Hitler that pushed Hussein resides within the Iraqi leader himself. It is not oil, Islam or the taunts of a greedy Kuwait that pushed Hussein, but rather, the ambition to become the second Nasser, the tempting vacancy on the throne of the legendary Arab leader, the chance to secure a place in Arab history as a leader who conducted the holy war against the infidels, the heirs to colonialism, against the West, Zionism and the eternal enemies of the Muslim and Arab world.

The Arabs still wait for a savior. Mubarak of Egypt, Fahd of Saudi Arabia, Hussein of Jordan, Assad of Syria, Qaddafi of Libya or Arafat of Palestine —none of whom meet the requirements—all of whom have become fat and happy and are unwilling or in no position to change the status quo. But Saddam was neither happy nor safe and he had to change something. The bills for the failed war with Iran were still pending, his economy failing and the rivalry with Syria lost. A dictator can feel safe and strong only through a new conquest.

Thus Hussein was not bluffing. He could not withdraw, nor could he show signs of weakness. Had he stepped back he would have been finished as a leader and—knowing Iraqi political habits—executed. Consider the first military president, Kassem, who was shot like a dog under his desk in his own office by his rivals. The assassination was shown to the world on television.

It looked like Bush had just been waiting for an opportunity to embark on something monumental, something that would in turn give him the dimensions of a Washington, Wilson or Roosevelt. He was so quick to deploy a massive force in the Gulf as if to make it impossible to turn the war machine back. From the outset he demanded more of Hussein than he could peacefully achieve. This was a surprise because at the beginning of his term George Bush was cautious and even criticized for being too passive. It seemed the Panamanian adventure had already served its design to change this image of a weak presidency.

But George Bush also miscalculated. By sending almost half a million troops to Saudi Arabia and by mustering the coalition, he fell into his own trap. He lost freedom of movement, lost the time necessary for the sanctions to work and ran the risk that patience at home and the morale of the troops would dwindle. His coalition abroad and at home was halfhearted. Secretary Baker was like a teacher who could not leave the classroom for a moment without the children running away, and George Bush was like a headmaster forced to deliver stern warnings at each morning meeting. He could not keep the troops at the ready forever, he could not rotate them and he could not withdraw.

Thus, like his enemy, he had no choice but war. Like his enemy, he did not want to blink first. And just as Hussein sees himself as the Arab David facing Goliath—George Bush sees himself as the savior of Western civilization against the deadly attack of an Iraqi Ghengis Khan. Both believe that they exhausted all possible means and did not want war, but were forced to wage it. How often do we hear from politicians that they didn't want to do it, but had to?

I come from Poland. Ten years ago General Jaruzelski said that he did not want to impose martial law, but had to. Last year Lech Walesa said that he did not want to run for the presidency, but had to. Will we ever be safe from politicians who do what they don't want to?♦

—Daniel Passent, former editor of the Warsaw weekly Polityka, *is editor of* The WorldPaper


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DEBT STRATEGY

A new agenda for growth

This is the abridged version of an essay which was declared one of the top 100 entries for the 1990 American Express (AMEX) Bank Review Awards. This global essay competition in international economies and financial markets is held in the memory of Robert Marjolin, former advisor to the review and one of the architects of the European Community.

Moving down memory lane, I remember a World Bank seminar organised in Bombay around the early eighties on growth strategies for development. During discussion sessions, I asked a few naive questions: Should we attempt growth strategies which could create islands of prosperity in a sea of poverty? Are we not planting the seeds of social turmoil for future generations? Will this poverty, in the years to come, not react against citadels of prosperity? Being a young economist at that time, I wondered if my naivete would be appreciated by this gathering of senior international economists, bankers and social scientists. But I was touched by the spontaneous appreciation extended to me by the august gathering.

Agenda of actions

Today, as I think about debt strategy, other questions come to my mind. Can the global community shrug its shoulders and avoid action on the debt as a problem only of developing countries?

In a similar context, that of restructuring Eastern Europe, Norbert Walter, chief economist of the Deutsche Bank AG, says, "It's time for commercial bankers to forget their lingering doubts about eastern Europe and the mistakes of the past. It's now time to return to eastern Europe, not as lenders, but as catalysts and agents of economic and financial development. The major German, French and other European banks that lent heavily to eastern Europe during the seventies are ready, willing and able to make substantial write-offs of some eastern European debt. We prefer to act on the debt rather than see Poland flounder under its debt burden. Most European banks have set aside big reserves against Polish debt and are in a position to offer a substantial writing down."

While Walter may not have come out with the specifics of his agenda for Polish debt, he hopes that sovereign lenders can overcome their hesitation and grant Poland debt relief. According to him, "If there is going to be a promising new start, this is it." (Since then, George Bush has anounced a waiver of 70 per cent of Poland's American debt.)

Whenever one speaks of debt, I am reminded of the system of bonded labour that existed in rural India. The poor labourer, unable to return the money he borrowed the village moneylender to pay for his daughter's wedding, would find himself indentured to the lender — often for life. The system has now been eradicated by law and the government has declared full write-offs of all such debts.

A new beginning

The reason for bringing this up is this: Are we witnessing today a kind of "bonded labour" in the debt problem facing developing countries? Is the situation such that a debt once taken cannot be repaid, despite the best and sincere efforts of the borrower? In such a scenario, the promising new start suggested by Walter has increased relevance. With this approach, we could hope for a new beginning, just as the bonded labourers in India have made a new beginning.

Another interesting parallel with the bonded labour system and the debt crisis is the role played by the government in India in the former's eradication. It realised that the long-exploited bonded labourers not only needed laws to free them but also social programmes that would aid their absorption into the country's mainstream. Thus, the government has attempted to provide them with vocational training so that they can "add value" to their earning capabilities.

Although such an approach is naive as a solution for the debt problem, grooming native talent is a subtle and critical need for a genuine solution to the debt crisis. Here too, Walter of Duetsche Bank says in the eastern European context, "Setting up big commercial and business banks similar to Deutsche Bank, Dresdner and Commerzbank — will be difficult since there is no native banking talent in this field. To gain time, they may want to import talent from the West. They may also want to form partnerships with Western banks. But, Hungary, which has made the most progress towards developing a financial system, wants its private banks to have partnerships with credible (foreign) financial organisations in order to make its banks work more efficiently."

New vocations

The next step adopted by the Indian government to aid bonded labourers could provide another pointer while drafting a viable solution to the debt crisis. The government used the existing banking channels to introduce new lending programmes to help community members take up new vocations or set up small businesses. Since this was not a commercial lending proposition, it was looked upon as social lending. Also, the rate of interest on such loans was significantly lower than commercial rates. The loans had built-in moratorium periods for interest and principal repayment which could assist the units to become viable and break even.

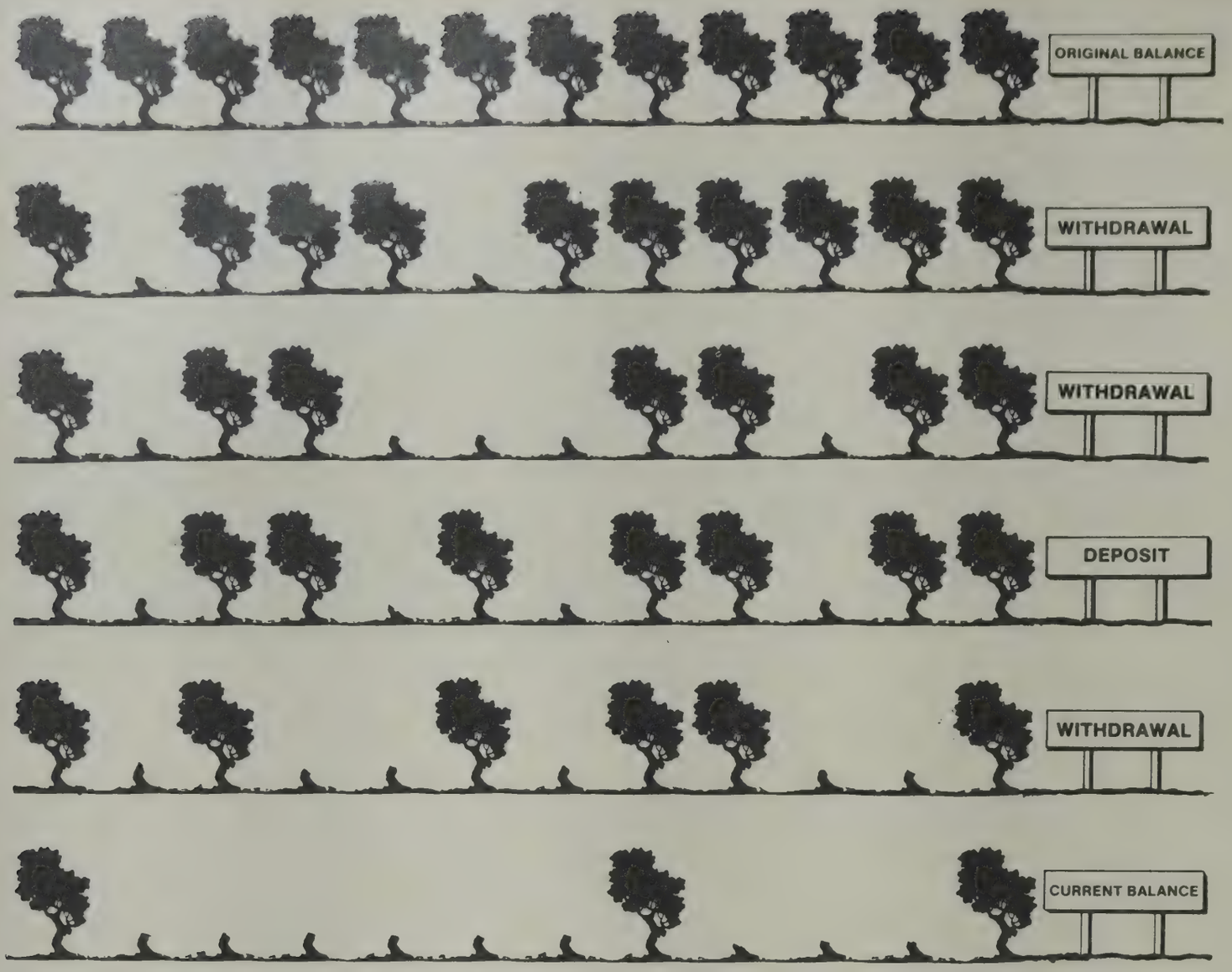
An attempt of this nature by the World Bank is already in place in India. It realised that, to assist India in meeting its balance of payment (BoP) crisis, it must catalyse a change in the native talents' on the domestic market to a broader perspective of the global markets. For this purpose, the World Bank introduced an innovative style of lending to India called the Export Marketing Fund.

Under this programme, Indian exporters were to be supported in their marketing efforts to penetrate select developed country markets. This facility was extended initially to a select range of products in which the World Bank felt India had a competitive advantage. The World Bank selected the Export Import Bank of India (Exim Bank) as the executing agency for implementing this innovative concept.

Full support needed

The fourth step is critical and needs full support from the global community. For developing my concept, I draw upon a talk delivered by Sidney Dell, Senior Fellow in the United Nations Institute of Training and Research (UNITAR), during the Exim Bank Commencement Day Annual Lecture, at Bombay in March 1990:

"The World Bank and International Monetary Fund have not received a mandate to work out the implications (for the debtor countries) of resuming the growth process. The north and south both agree (that this growth) is an indispensable



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objective for growing out of the debt crisis. This in turn means that the capital requirements for adjustment with growth in the debtor countries have not been studied by the Bretton Woods institutions, let alone agreed upon by the international community. The rate of growth of the debtor countries emerges as a residual, a by-product of the 'feasible' rate of borrowing. No effort is made to determine capital requirements as a function of an adequate rate of growth."

The use of figures for capital requirements that have, in effect, been negotiated with the exporters of capital is a serious shortcoming in the work of the World Bank. The Bank, as well as the Fund, should have sufficient confidence and stature to let the chips fall where they may when it comes to their objective analytical work, such as their work on capital requirements. The capital exporters obviously have the right to take their own positions on capital to be provided both overall and to individual countries. But they should at least be in possession of independently determined facts and analyses.

One of the main objectives of the Baker Plan was to ensure that adjustment should be programmed in such a way so as to be consistent with growth. Unfortunately, no objective estimate was made of the aggregate capital requirements that would be generated by adjustment with growth. And the capital that was in fact made available fell far short of needs, therefore the Baker Plan floundered.

Fishlow's scenario

In 1987, profesor Albert Fishlow made some estimates of the capital requirements of developing countries in 1995. His central scenario, based on the assumption of an average growth rate of 5.5 per cent per annum from 1990 to 1995 for developing countries, generated capital reqirements of $148 billion (at 1985 exchange rates). One may well ask how the Bank will fit into such a growth scenario for 1995. In 1989, the net disbursements of the World Bank totalled $2.6 billion and of the International Development Agency (IDA), $3.3 billion. The net transfer of funds from IDA, allowing for interest receipts, was $3 billion but the World Bank actually took in $3.7 billion more than it paid out in 1989.

So it really does not matter whether the capital requirements for growth in 1995 are $148 billion, $100 billion or even $50 billion. If the Bank's performance remains at its present level, its financial contribution to development goals of the international community will be pathetically small.

Sidney Dell is simply appealing to the global community that the Bretton Woods institutions must be provided with the requisite financial resources to discharge their responsibilities towards the debtor countries to grow out of their debt crisis. This is the fourth step in my agenda.

Choice of nations

The last step in the agenda is another crucial one: the choice of countries for support in development. For this purpose, we have a choice of the existing models. Unfortunately, the Latin American choice has created pains for both the debtors and the creditors. As we are aware, the Latin American countries attempted to limit foreign ownership, so most of the development was funded by external borrowings, with known results. According to Walter, there is the choice of the Japanese model, where investing takes precedence over lending. Then there is the model exhibited by the Four Tigers of south east Asia — the Newly Industrialised Country (NIC) model, where in some countries, foreign equity has played a significant role. There is always a policy dilemma regarding foreign investment and is best summed up by Walter again:

"The East faces a dilemma in setting a policy on foreign investment. They can choose to open their doors wide for foreign investment and suffer some losses in sovereignty over the banks and other companies. Otherwise, they can limit foreign ownership, slow down the process of development and see investment flow faster to other east Europen nations that are open. There's a trade-off. It's their choice. They are democratic states. Their politicians have to explain the issues to the public and let them decide."

For the last menu on my agenda, I would like to leave the choice of the development model to the wisdom and genius of the electorate of each nation. These five steps may open up a new vision, a new dream, and new challenges for the global community. This is my agenda for designing a new debt strategy.

■

AMIT DAS

The author has done his masters from the University of Chicago specialising in economic analysis of policy. He is currently an economist at the Exim Bank

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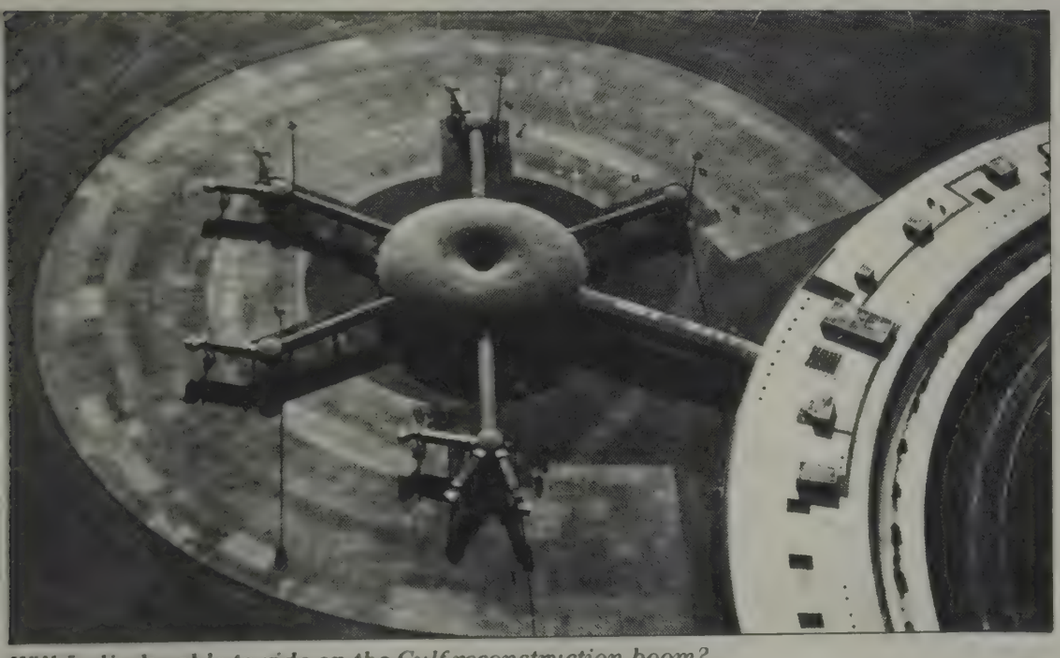
The Iraq-Kuwait syndrome

With the war over, the reconstruction of the battered countries of Kuwait and Iraq has given construction companies some hope to build on.

Indian construction companies, whose exports to the Gulf region dropped to Rs.88 crore in 1989-90 from a healthy Rs.354 crore in 1985, have also been trying to get a piece of the cake. The first step was taken by reviving a consortium of private construction companies — mooted last year but put in cold storage — ostensibly to execute World Bank and Asian Development Bank-aided projects in south Asian countries.

At the instance of the union commerce ministry, 13 construction companies in India had formed a consortium mainly to take up joint venture projects in South Asian countries. "We were given broad hints by the government that the consortium would be treated like a public sector unit. And now, with the end of the war, the attention has shifted to the Middle East," complains one consortium member. Says Ajit Gulabchand, managing director, Hindustan Construction Company, "Geographically, from Bahrain to Bali, Indonesia, there exists a natural market for us. And to exploit it, we need to form smaller joint ventures like they do abroad. Only then can we compete globally."

Says Harshvardhan Shah, chairman of Shah Constructions Ltd and also of the consortium, "Unlike projects in West Asian countries, those in South-East Asian countries like Malaysia and Indonesia are being funded by international agencies like the ADB and the World Bank. They are thus relatively free as far as security of payments is concerned."



Will India be able to ride on the Gulf reconstruction boom?

Payment squeeze

Shah has good reason to be afraid. In the latter half of the Iran-Iraq war, Indian construction companies which controlled 60 per cent of the total construction business in Iraq, had already started feeling the payment squeeze. Today, Iraq owes them nearly $1 billion, which includes cash contracts, cost of unused material lying in Iraq and loans taken by them for immediate working capital requirements. By 1990, the situation had deteriorated so much that the government of India entered into a deferred payment agreement (DPA) with Iraq for gradual clearance of Indian contractors' dues.

According to the Overseas Construction Council of India (OCCI), the outstanding amount under DPA is over $500 million. "And almost the same amount is accruing against capital assets and plant and equipment lying idle at the project sites in the region since the Kuwait invasion," says an OCCI spokesperson.

Twenty two Indian private firms and four public sector undertakings have been affected by the war. And most of the projects under them are based in and around Baghdad and Basra, the two worst hit cities in the war.

The New Delhi-based Continental Construction Ltd has outstandings estimated at $330 million. Only one-third of this amount has been recovered by DPA. Jaiprakash Associates has outstandings of $128 million due to them. Even the public sector IRCON has to recover $87 million for its operational and management work on high speed Iraqi railway lines.

One of the most worrying factors for contractors has been the absence of any foolproof insurance system for expensive and high risk assignments. While it may be argued that in the event of war, financial losses are inevitable, what irks the contractors is the laxity of the government and the failure of the Export Credit Guarantee Corporation (ECGC) to secure compensation for the construction firms long before the war began. ECGC, in turn, has categorically stated its inability to pay as the total export outstandings exceed $1,200 million. In fact, matters have reached such an impasse that OCCI has threatened to sue ECGC for breach of the latter's contract of taking on the entire financial responsibility in case the Iraqi government were to default.

Boost for construction

This was perhaps one of the main reasons why the commerce ministry had mooted the consortium concept. Says Gulabchand, "After our experience with Iraq from where Rs.11 crore is still due to us, I'll be extremely hesitant to go there again. The suppliers' credit for deferred payment is crippling the project exporters today. Instead, if the government encourages joint venture consortiums by giving tax reliefs, it will help boost the Indian construction industry."

Meanwhile, the reconstruction of Kuwait is about to start, and is expected to be one of the biggest and fastest construction projects in history, with American companies bagging 70 per cent of the contracts. Initial reports about Kuwait's reluctance to invite Indian companies on account of the government's pro-Iraq stance has not deterred them from expecting some part (about $5 billion) of the reconstruction bonanza: estimated in the region of $100 to $200 billion.

Industry sources, however, aver that the boom this time will not be as lucrative to Indian companies as it was in the early eighties.

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16.	Electronic Maintenance	16-27 September'91 30 Dec'91-10Jan'92
17.	Microprocessors & their Industrial Applications	07-18 October'91
18.	Process Instrumentation	21 Oct-01 Nov,91 17-28 March'92
19.	Metallurgy for Mechanical Engineers	11-22 November'91
20.	Productivity through MIG / MAG Welding	09-20 December'91
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PRESSMAN

BRITISH AIRWAYS

Jumbo offer

In a well- orchestrated global move, the world's biggest marketing campaign was kicked off last fortnight. British Airways announced that all its flights on 23 April (all classes including Concorde) into and out of London would be free for winners of a lucky draw. That amounts to 50,000 seats — the equivalent of 120 Boeing 747s — and will cost the airline sterling 50 million (about Rs.180 crore). BA calls it the world's biggest offer. In a weak-kneed reaction, Air India has kicked up a fuss about BA's freebie. It says that the draw is against IATA regulations and is a predatory move against the national carrier. However, BA's chairman Lord King says the campaign will get "the wheels of international commerce turning once again and encourage the world to take the leisure break it now deserves".

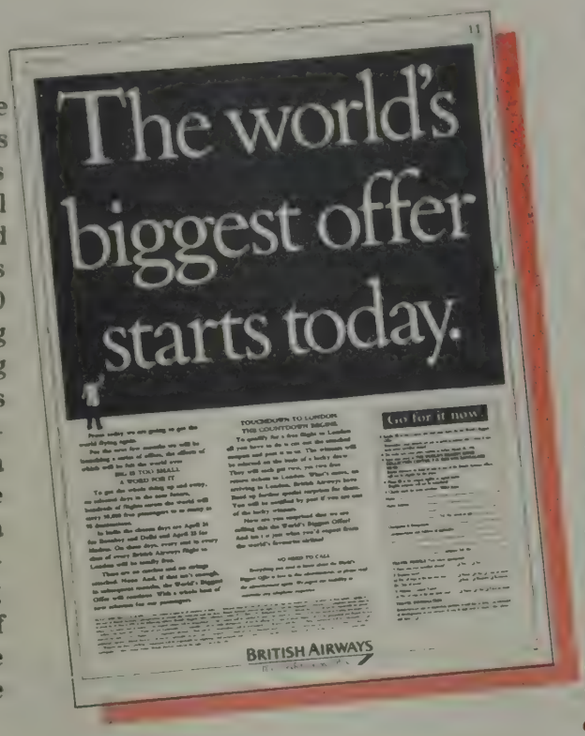
It's all too obvious that BA is also looking desperately for a break. The airline has been going through an awful patch in recent months. The Gulf war set business back quite far: a 25 per cent reduction in bookings in Europe and the US, and 40 per cent less occupancy in premium cabins.

Unhappy landings

Quite unexpectedly, the airline was dealt a double blow on its home ground. In January, Britain's Civil Aviation Authority directed BA to surrender its landing slots at Tokyo's Narita Airport to Virgin Atlantic — a smaller, though highly profitable, competitor. Shortly thereafter, the CAA indicated that it was in favour of dismantling the fortress-like structure of London's Heathrow airport, the world's busiest international air terminal.

Heathrow's air traffic distribution rules (which permit entry only to those airlines which were operating there before 1977) have now been recast by Britain's transport secretary, Malcolm Rifkind. As a result, two major American airlines will be moving into Heathrow and both pose a serious competitive threat to BA. American Airlines, whose fleet (559 aircraft) is almost twice the size of BA's (235), has bought TWA's Heathrow routes for $445 million. United Airlines has picked up those of the ailing Pan Am for $400 million. Both United and American have vast domestic networks which can feed their long-haul Atlantic routes.

Pitched against such formidable foes,



The BA ad: time for action

BA is expected to respond by buying up an airline, possibly the loss making US AIR, for access into the American hinterland. This BA can do thanks to a recent decision by US transportation secretary Samuel Skinner to relax the 25 per cent limit on foreign investment in airline companies.

As BA comes to terms with these new equations it is simultaneously grappling with the worldwide business downturn. As chairman Lord King says, 'This is not a time for wringing hands; it is a time for action. The mega-gimmick is expected to give a kick start to the business." And perhaps give BA a headstart over competitors.

■ NAAZNEEN KARMALI

CITIBANK

No frills, less thrills

In recessionary times, even the mighty aren't invincible. Some time last year, the cracks began to show at Citicorp. The US banking behemoth found itself badly in need of cash. The crunch at Citi was caused partly by a deteriorating loan portfolio (particularly in the real estate segment) and a low capital base. Since then the bank has taken a series of un-Citi like decisions.

A dividend cut was announced in December, as was a staff cutback of 8,000. Part of Citi's convertible preferred stock was hawked off to Al-Waleed Bin-Talal, the Saudi prince, for $590 million. The bank has also declared its intention of selling a small piece of its highly profitable credit card business to raise an estimated $750 million. Citi is not alone in its condition, for the entire US banking industry is in dire straits (*see page 132*).

After shocks in India?

An obvious question is whether the tremors in New York will be felt in India, where Citi is considered a pioneering market mover amongst foreign banks. "Not directly. But, yes, there is bound to be an indirect impact," is the diplomatic answer from Jerry Rao, Citibank's country head. Buccaneering days are certainly over. The bank has announced a six month freeze on salary increments and the message down the line is: cut out those frills. (A competitor chuckles gleefully that five star hotels in Bombay are already complaining about a drop in business!)

At the organisational level a restructuring is inevitable. Last December it was decided to merge the investment and institutional banking divisions. Currently in India, the former is headed by A.S. Thiagarajan and the latter is in the charge of Aditya Puri. When contacted, Puri insisted that so far it's business as usual. Thiagarajan declined to comment. But bankers reckon that the reporting structure is bound to change.

At the operational level, Citibank is on the move. It has decided to relocate all its remote, backroom activities from space-starved Bombay to Madras. The card division is already headquartered in the southern city. This month the operations arm of the thriving non-resident Indian banking division (deposits: Rs.2,000 crore) is shifting there too.

Rumours that the bank is looking for a buyer for its card division in India are completely unfounded, says Rao. Citi spent a pretty packet acquiring the Diners franchise and has recently launched Visa and Mastercard too. The credit card business gives the bank a valuable retail profile. "We'll keep on concentrating on our customers. Where the rubber hits the ground things will be the same," promises Rao

■ NAAZNEEN KARMALI

US BANKING

Victim of over-regulation

On 6 January, US banking regulators seized the Bank of New England, the 35th largest bank in the US with assets exceeding $23 billion. The bank was the latest in a series of failures that have necessitated some 900 bank rescues in the US during the last five years. This case will not be the last and its collapse illustrates why the banking system in the US is at its most fragile since the Great Depression.

Ten years ago Citicorp was, in terms of assets, the largest bank holding company in the world. Today, Citicorp, still America's largest bank, has dropped to ninth place worldwide, behind six Japanese and two French banking companies. A key reason for the declining importance of American banks is legal strait-jackets that are more than 50 years old — anachronisms in today's financial environment.

Through much of the eighties, bankers saw their bread-and-butter corporate lending business migrate to the capital markets, where raising money was becoming cheaper. The Glass-Steagall Act, enacted in 1933 to separate commercial and investment banking, prevented banks from following their long-standing clients into the capital markets. In addition the McFadden Act, which restricts interstate banking, prevented banks from creating a geographically diversified loan portfolio.

Risky loans

At the same time, federal banking law prevented banks from entering businesses such as insurance and mutual funds, even though investment banks were permitted to conduct these non-traditional business activities. Bankers reacted to these limitations by plunging into riskier lending businesses — loans to less developed countries, commercial real estate and LBOs. The result, with the writing-off of billions of dollars of real estate and LDC debt, is a rapidly shrinking capital base and a very fragile banking system.

Much of the debate surrounding banking reform focuses on four major issues: capital adequacy, deposit insurance, supervision and legislative changes. The issue of capital adequacy is relatively simple. Banking is the backbone of any financial system and its financial health is paramount. US banks need more capital and should be forced to enhance their capital position. Of course, the ability to do so in these trying times is another debate altogether.

The deposit insurance fund, which guarantees a depositor's first $100,000, will almost certainly be bankrupt this year. Banks will be forced to pay higher premiums to keep the fund in the black, despite the threat of more bank bailouts. It is unlikely that US taxpayers will quietly agree to fund a commercial bank bailout close on the heels of the $500 billion savings and loan bailout. While supervision of institutions as important as banks is clearly warranted, excessive interference by US regulators has led to the current credit crunch in the US.

Excessive and outmoded regulation can create economic instability. The Indian banking system also operates in an outdated legislative environment... forced to channel funds to sectors of the economy that do not make commercial sense

Industry managers and regulators are unanimous in their conviction that legislative change is needed urgently. However, the form of such change remains an issue of much debate. It is now abundantly clear that the McFadden Act should be repealed. This will accomplish two things. First, it will help accelerate consolidation in an industry that currently has some 13,000 banks with 45,000 locations. (In contrast, Japan has 100 banks and an economy half the size of the USA's.) Second, it will help banks create a geographically diversified loan portfolio.

Unsurprising collapse

In the case of BNE, with a majority of its loans concentrated in moribund Massachusetts, its collapse was not surprising. The repeal of Glass-Steagall, which would allow banks to underwrite stocks and bonds (although some money centre banks can already do so), would benefit few banks in the short run, given the large and expensive distribution network needed to generate profits.

A tougher question to answer is whether traditional lines separating banking and commerce should be redrawn altogether. For example, should banks own industrial companies and vice versa? Ford Motor Company already owns the third largest savings and loan operation (an institution larger than most banks in the US) and General Electric controls an array of bank-like businesses. Allowing industrial companies to buy banks will steer much needed capital into a beleaguered industry. To put this into perspective, Ford's equity base of $24 billion supports an asset base of $171 billion, while Citibank's $10 billion equity supports an asset base of $228 billion.

Unfortunately even this may not be enough. Indeed, the very definition of banking needs a radical rethink. The industry needs to be divided into two types of firms. One type, a "core bank", would accept only government-insured deposits and limit its activities to low-risk businesses such as investing in treasury securities, making consumer loans to individuals and lending to small and mid-sized businesses. The second, a wholesale or commercial finance bank financed by investors, could undertake the more risky businesses of lending to real estate developers, LDCs and the like. Such a system would protect depositors while letting investors bear the risk.

It has become abundantly clear that excessive and outmoded regulation can create economic instability — witness the financial services-led recession in the US. The Indian banking system also operates in an outdated legislative environment. Indian banks are forced to channel funds to sectors of the economy that do not make commercial sense.

Banks are in the business of making money and should be free to pursue that goal. Doing anything else will only undermine the soundness of the banking system. Lending to priority sectors, a perfectly honourable intention, should be conducted by institutions created specifically for that purpose. Mixing banking and socialism only leads to diminishing profits and capital erosion, the malady confronting Indian banking today. ■

TARUN KATARIA

The author is a merchant banker with Chase Manhattan in New York

KIRLOSKAR CUMMINS

Full steam ahead

Over the last four years, the exports of Kirloskar Cummins Ltd (KCL) have grown by a whopping 1,858 per cent. And the feat has not gone unacknowledged. The Pune-based company has been winning export awards from the Engineering Export Promotion Council (EEPC) for the last three years. KCL's engines are used as original equipment by international giants like Komatsu, Dresser and Terex. A total of 10,000 KCL engines are operating satisfactorily round the globe. Then why is Arun Kirloskar, chairman of KCL, not making any big noises? "We have only taken a small step in the right direction by concentrating on exports," insists the modest Kirloskar. "We still have a long way to go."

KCL exports diesel and gas engines and their components (like connecting rods, crank shafts, engine blocks and engine heads) to advanced countries like the US, the UK, Canada, France, Germany and Japan. Most of these products find applications in buses, earthmoving equipment like dumpers and bulldozers, compressors and generator sets. At Rs.47 crore, this year's exports will contribute 18 per cent towards the total turnover of Rs.261 crore.

It has been a remarkable performance from a business activity which had never been thought of in the first place. "We got our first export order in 1969 by accident," recalls Kirloskar. "The ship carrying marine engines made by the Cummins factory in Scotland sank on its way to Egypt and Cummins, USA asked us to replace the lost engines." This order, worth Rs.33 lakh, led to exports of an additional Rs.2.5 crore in that very year.

Major growth avenue

Between 1969 and 1985 KCL exported engines mainly in the lower horsepower (HP) range of 90 to 250 HP, to markets in Egypt, the UK and Africa. Since these engines were at the lower end of the market, the value of exports never exceeded 5 per cent of the total turnover. But in the eighties, KCL started exporting gas engines of higher HP range to the US market. "We initially exported the lower HP range of engines because they were the only ones which were fully indigenised. And we began to progressively export the higher HP range as the indigenous content in them went up," says Kirloskar.

Encouraged by the intitial response that its products received, KCL soon identified exports as a major growth avenue. The decision was also prompted by the fact that one cannot always depend on the domestic market for diesel engines. KCL, for example, was selling nearly 60 per cent of its domestic production to government buyers. The budgets of government departments, which fluctuate from year to year, created problems. To add to the trouble, strong competitors like Ruston & Hornsby and Komatsu entered the fray.

Sudip Moulik



V-28 engine: KCL is the sole source

So, in 1986, Kirloskar mooted a proposal to his company's American principals: make KCL the sole source of worldwide supply for one particular model of the Cummins engine. The Cummins Engine Company (CEC) identified the V-28 vertical 12-cylinder engine as the model to be manufactured solely at Pune. These were high HP (900 HP), of large value and incorporated the latest state-of-the-art technology.

The entire V-28 production line was shifted from Columbus, USA and set up at Pune at a cost of Rs.5 crore. Today KCL is exporting more than 1,000 such engines a year totally valued at Rs.33 crore. "This decision of Cummins, USA, to make KCL the sole source for its V-28 product line was the turning point in our export growth," says Tom Dewing, managing director, KCL.

Another big hit

But the V-28 has not been KCL's only success in the exports field. The KTA-19R diesel engine, developed through in-house R&D efforts, is a big hit in Australia. KCL has also developed gas versions of the Cummins 4-cylinder and 6-cylinder engines for the US market and has so far exported 2,500 of them. "One tremendous advantage that we have is the all important support of the Cummins marketing and service network around the globe," admits Kirloskar.

According to Dewing, the future growth of exports depends on the decision Cummins takes to make KCL the sole source for some other models too. "KCL's own R&D strength could also enable it to develop new products for the world market," he adds. While it has already developed gas engines, tests are on to develop a dual fuel (diesel and gas) engine as well. "In fact," reveals Kirloskar, "we are already talking with CEC for transferring production lines of more engine models to Pune."

Another attractive possibility is to increase the exports of engine components. According to Kirloskar, CEC, which has a turnover of Rs.7,000 crore worldwide, buys 60 per cent of its components from other companies. If KCL were to supply even 10 per cent of these components, it would generate exports worth Rs.420 crore for the Indian company. "That is only as far as CEC is concerned. If we were to supply components to other major diesel engine manufacturers like Caterpillar, General Motors, Rolls Royce, Mercedes Benz, etc, there is a billion dollar market waiting to be tapped," Kirloskar says. Indeed, the markets have always existed. It's the effort to tap them which will count.

■ ROOP KARNANI

ENTERPRISING ENTERPRISES

Monumental growth

This family-managed firm dealing in granite has got over its teething troubles and is going places

To emerge as the country's second largest exporter of granite is no mean feat. And K. Badrinarayanan, managing director of the Madras-based Enterprising Enterprises (EE) group has achieved just that. "The granite industry is strewn with more failures than success stories. It has been a tough, uphill climb for us," he explains. The group touched a turnover of almost Rs.18 crore during 1989-90, with exports contributing to about 95 per cent of this figure.

Badrinarayanan had more than a passing familiarity with the stone industry. His father was in the business of leasing quarries around the Madras region — in Meenambakkam, Pallavaram and Chinglepet — for blue metal (broken rough granite chips used in construction). After finishing school in the late sixties, Badrinarayanan helped his father with this business. The idea of exporting granite struck him quite by chance, suggested by a friend while visiting a quarry. It seemed a ridiculous proposition then since there was little awareness of the export potential of stones as rough blocks or polished granite. "I laughed at the idea, but nevertheless decided to give it a try," he recalls.

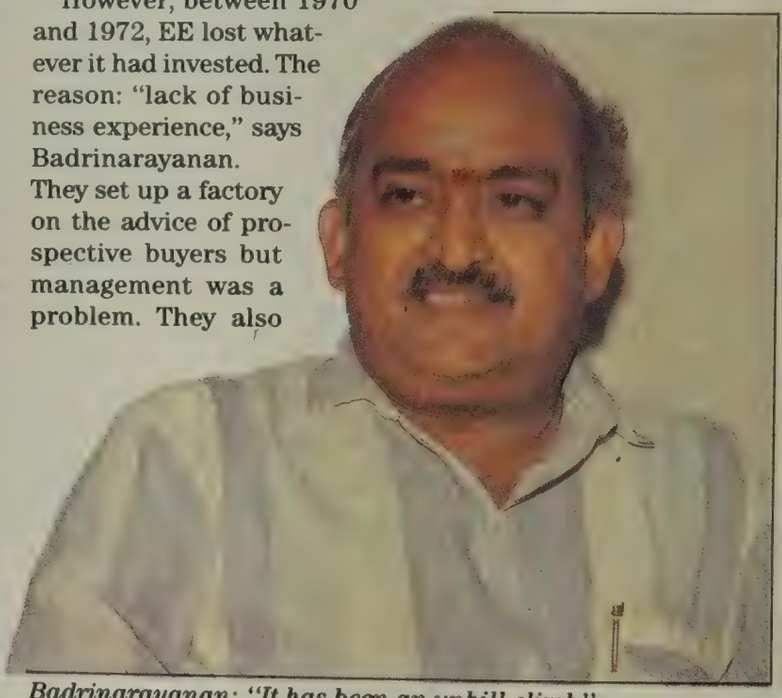
Encouraging response

So, in 1971, Badrinarayanan, then in his late twenties, started out with a few names of buyers in Japan. "I decided on the name Enterprising Enterprises because everyone called me an enterprising young man," he explains. The idea clicked and two Japanese companies — the Nisho-Iwai Corporation and Ruywa Boake Kaisha — showed interest. This fired the entrepreneur's enthusiasm. The response also prompted his younger brother Vallabhai to join him. Six months later, a third brother, Natarajan, was in the picture too.

The trio did not know where to start. Badrinarayanan began by visiting Kuppam in Andhra Pradesh — a granite centre — to learn the nuances of the business. Granite exports from India had started in a small way in the late thirties. But until 1976, its potential as an earner of foreign exchange was not fully realised, though some foreign buyers were aware of the granite sources in India. In such a scenario, "We had little guidance, and had to learn by trial and error," explains Badrinarayanan. (Today, exports of Indian granite is big business. In 1989-90, exports of raw blocks amounted to Rs.125 crore while that of polished granite fetched Rs.22 crore).

The initial investment of Rs.2.5 lakh came from the family, with which 1.1 hectares of land was bought at Chembarambakkam, on the Bangalore-Madras road. The group has since increased its land holding in the area over the years, and currently holds about 18 hectares.

However, between 1970 and 1972, EE lost whatever it had invested. The reason: "lack of business experience," says Badrinarayanan. They set up a factory on the advice of prospective buyers but management was a problem. They also paid too high a wage for labour brought in from places like Kuppam.



Badrinarayanan: "It has been an uphill climb"

There were other problems as well. Chembarambakkam had its spells of water shortage and this hampered production, since power and water are essential for the cutting and polishing of granite. "The company simply did not have the requisite volumes," says a competitor. The result was that by 1972, the group was left with just its fixed assets - land, buildings and machinery — but no liquidity. Fortunately for EE, Bank of Baroda agreed to take a risk and provided the three brothers with working capital and a term loan for machinery.

EE's first shipment of granite was despatched in October 1972 — to F.W. Bull & Co in the UK. Soon shipments became frequent and regular — every month. The brothers handled the entire operation of shipping out the cargo. "It was a learning experience," says Badrinarayanan. The turnover touched Rs.4 lakh in 1972-73. By this time, EE had leased three quarries in the south Arcot district of Tamil Nadu.

Gravestones and plaques

From the outset, EE concentrated on the export of monuments (memorial stones like gravestones, commemorative plaques, etc), to firms like F.W. Bull & Co and J. Braithwaite & Sons, UK. This was in addition to exporting rough blocks. Several reasons prompted this choice. Most of the quarries leased by the group contained good deposits of black granite; besides, it is a more stable market than the building segment which consists of tiles and slabs. "Entry into this segment was possibly the best move the firm could make at its inception, since the level of workmanship required was not very complex," maintains the competitor quoted earlier.

Today, the EE group is one of the biggest exporters of monuments from India, exporting 15 containers of granite every month valued between Rs.50 to Rs.75 lakh. Currently, a fourth of the group's turnover comes from the export of monuments, 25 per cent from tiles and building slabs and the rest from the export of rough blocks.

However, EE soon realised that the monument market also had its disadvantages. "The growth of this segment can never be expected to be dramatic, since the market for gravestones is a steady one," explains Badrinarayanan. Further, Indian monument exporters are hampered by the lack of proximity to the main markets in Europe, the US, Japan and Australia.

Until 1975, EE adopted a crude

method of cutting and polishing, including manual grinding of the stones, to bring them down to the required width. So, in 1976, Badrinarayanan despatched his youngest brother, K. Balaji, who had also joined the business by then, to acquire the technology for cutting and polishing from Japan (export of rough blocks to this country began in 1974-75). "Addition to the machinery at the plant has been a continuous process thereafter," says Badrinarayanan. Today, Rs.20 crore worth of such machinery has been installed at the EE factory.

Finance not easy

Despite its early entry into the monuments market, the group did not make profits in the initial years. "The granite industry is beset with its own peculiar problems. The government's policy on granting leases changes continuously. Besides, institutional finance was not easy to get in the early days and we were learning the business," says Badrinaryanan. The result was that losses kept piling up, which were wiped out only in 1986-87.

In 1982, Magam Incorporated (MI) was set up to sell granite in the domestic market. The group ran an advertising campaign in leading newspapers and magazines, "to create an awareness regarding the uses of granite". Almost simultaneously, a display centre was set up in Madras. Several buildings, including the offices of Standard Chartered Bank, Philips, and SBI's head office in Madras have used granite supplied by EE. Despite these efforts, turnover from MI is in the region of only Rs.40 lakh a year, mainly through sale of coloured granite slabs to architects. But now, the prospects for this segment seem to be looking up. "By 1992-93, MI will touch a turnover of Rs. 3 crore," predicts Badrinarayanan.

Two more companies — Pooshya Exports Private Limited (PEPL) and Enterprising Exports Private Limited (EEPL) were floated in 1985. But it was only in 1988 that a tile plant could be set up by PEPL at an investment of Rs.4 crore. This came in the form of term loans from the State Bank of India and Exim Bank. The foray into the building slab and tile market came late, because it was only in 1988 that the group leased quarries with coloured granite in Andhra Pradesh and Karnataka. EEPL exports rough blocks.

Another momentous decision, taken in 1985, was to convert EE, PEPL and EEPL into 100 per cent export-oriented units, from SSI units, as this would facilitate exports. In 1986, yet another company, Mohenjodaro Exports was set up to undertake the export of monuments.

In March 1990, the group set up Yak Granites at an investment of Rs. 1.2 crore with loans from banks and financial institutions. This unit, located in Tada, Andhra Pradesh also deals with coloured granite and is managed by Badrinarayanan's niece, K. Sabitha. "The granite business is usually family managed the world over, since it needs individual attention. Corporate groups have never succeeded," says Balaji. So the group prefers to keep it in the family. (In India, companies like Larsen & Toubro, Voltas and the Madras-based D.C. Kothari group have plans to enter this area.)

No designations

With the exception of Badrinarayanan, who is designated managing director, none of the other brothers has a designation. Balaji looks after the factory and the quarries; Vallabhai is also involved with the quarries. Natarajan handles the liaison work. The group employs 1,000 workers in its quarries and 400 workers at its factory.



Polishing the stone: technology from Japan

Between them, the brothers have made significant headway in the export market. For three consecutive years since 1987 EE won Capexil's special award for the export of cut and polished granite. Today, their stones find their way to Holland, Germany, New Zealand, Singapore, Indonesia, Australia, Canada, the UK and the US.

Given the government's emphasis on value addition, the group wants to bring down rough block exports to 40 per cent from the present 50 per cent of production. "The aim is to reach a turnover of Rs.100 crore by 1996-97," says Badrinarayanan. Though he sounds ambitious, the entrepreneur is confident of touching this magic figure. Newcomers have entered the arena making it more competitive but Badrinarayan feels that spectacular growth is achievable. As he reasons, "We now know the business inside out and we also have the requisite contacts abroad." And as past performance has revealed, his determination is as firm and invincible as — well — granite.

■ DHARANI K. PANI

Crowning success

Creating dental crowns, part art and part technology, is an unheralded profession. Sai Dantakala Ceramics in Mahim, north Bombay, is India's first dental laboratory. As Ajit Menon, the laboratory's soft spoken, second-generation proprietor says, "We are the behind-the-scenes make-up men." This speciality laboratory that creates "aesthetic and functional teeth restorals" means business.

The laboratory was established in 1951 by Menon's dentist father, M.G.K. Menon, who relinquished his practice to train as a dental technician. His laboratory was the first to replace gold with what was then a revolutionary new alloy, Vitalium. The alloy was strong, biologically acceptable and when fused with plastic, it looked good — all pre-requisites for quality crowns.



Ajit Menon: creating "aesthetic and functional" false teeth

In the fifties and sixties, the dental profession was undergoing many changes. Then dentists were also technicians. To treat their growing number of patients, dentists began to employ novices and train them. These novices eventually broke away from clinics in much the same manner as in-house advertising agencies separated from their clients.

Technological changes

The seventies saw many changes in dental technology. Slower, belt-driven motors that made drilling painful yielded to air-driven ones which were swift and painless. Still, it was a while before crowns replaced removals and prosthodontics — the art and science of restoring missing teeth with artificial substitutes — came into being.

Ajit Menon opened his revamped laboratory in 1983. Today, he employs eight to ten workers who craft fixed replacables or cast partials (partially non-precious metal, in this case nickel chromium — costing Rs.20,000 a kg — and partially porcelain).

The process of creating these dental jewels using "ceramic fused to metal technology" is many tiered. In the first stage, the dentist's blueprint, a plastic cast with teeth dies, is mounted with the opposing cast and the relevant tooth is filled with wax patterns by the technician-sculptors. These are then invested in moulds, into which the metal is cast. The next stage, wherein the porcelain emulsion is painted on, is critical. Here a good technician can skilfully give the ceramic form and colour to approximate a natural tooth. The process, says Menon, is like that of an artisan's, fusing art and technology.

Once painted, the porcelain is fused to the metal in a computerised vacuum furnace at a temperature of 900 to 950 degree celsius. A porcelain build-up and three bakes follow. After final corrections, fusion, and curation in a super heated steam and pressure furnace to "marry the materials", a glaze veneer and sealant is applied. The crown is now ready. The entire process, inclusive of dentists' visits, takes about two weeks.

Expensive affair

It is easy to see why crowns are expensive. The import component of one 0.2 gram crown is a hefty 95 per cent and the process is capital and labour intensive. Sai Dantakala owns porcelain furnaces and casting machines which at current rates would cost about Rs.4 lakh. The built-in costs also include the decades of research that have developed biologically acceptable materials. Also, many people's skills are required to insert that miniscule amount of metal in the mouth.

This is obviously no assembly line product. "The crown is custom crafted and the technique is high precision," says Menon. Thanks to his efforts though, the industry has been exempted from sales tax since 1985. Dental labs, he had argued, do not sell merchandise but create artificial adjuncts to the human body.

In Bombay, there are 30 small, medium and large dental laboratories, dominated by four major ones. These are Dental Aesthetics, Sai Dantakala, Stardent and Dentech. About 600 crowns are produced daily and the trade turnover is about Rs.1.5 crore. "This is just a drop in the ocean, people are just not conscious about oral health," says Menon. Apparently, people still choose to pull out a tooth quickly rather than replace it, which costs 10 times more. Still, a number of dental laboratories have mushroomed over the last few years, indicating a growing awareness of oral care.

Sai Dantakala itself has a turnover of approximately Rs.12 lakh, with an output of about 10 crowns a day. Menon however, is not interested in expansion as it would mean sacrificing quality. As he says, "You cannot afford to go wrong with even one tooth in this business." He might, in the future, try his hand at new technologies. Creating crowns for implants, for instance, is one of his ideas. As the industry is beset by a shortage of technicians, expansion for most labs would pose problems. Few dental colleges offer courses in dental technology and those that do are outdated. Most dental technicians learn on the job. The industry has also lost a lot of its talent to the Middle East.

Menon is presently involved in forming an association of dental technicians. This long overdue development, when it happens, will marginally exert control on costs and supplies.

■ MRIDULA MALUSTE

Making high-value gases out of free air



Making gases that breathe life into industries

Arvin Liquid Gases Limited will shortly be setting up a plant to manufacture liquid and gaseous industrial oxygen and nitrogen with a total production capacity of 400 cubic metres per hour under a Turnkey Contract Agreement with IOL, pioneers in production of industrial gases.

The products find immense application in a wide variety of industries like steel, ship-breaking, chemicals, fabrication, pharmaceuticals and fertilizers where cutting, welding and shielding is involved.

With the continuous demand for gases from existing industries and the anticipated demand from new industries the Company envisages a profitable future.

ISSUE HIGHLIGHTS

- Project promoted by technocrats well established in the line of activity.
- Continuous and diverse requirement of end products.
- Project implementation in full swing. Short gestation period.
- Marketing and distribution already on in two Industrial Centres.
- Backward area concessions, incentives and taxation benefits.
- Eligible for 88A, 80L & 80M and Wealth Tax benefits.
- Assured liquidity listing on Baroda, Bombay and Ahmedabad Stock Exchanges.

Public Issue of 24,00,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 240 lacs.

Arvin Liquid Gases Limited
Regd. Office: 3rd Floor, Gayatri Chambers, R.C. Dutt Road, Baroda 390 005

Lead Managers to the Issue

BOI FINANCE LTD
Stock Exchange Towers
24th floor, Dalal Street
Bombay 400 001

Subhash Dalal
Financial Consultants Ltd.
151, Paradise Complex
Sayaji Gunj, Baroda-390 005

Co-Managers to the Issue

PNB CAPITAL SERVICES LIMITED
Dalamal House, 11th Floor,
Nariman Point,
Bombay-400 021.

State Bank of Indore
Merchant Banking Cell
Nanabhai Lane
Fort, Bombay-400 023

Sobhagya-91

ISSUE OPENS ON 8TH APRIL, 1991

Note: If the Company does not receive the minimum subscription of 90% of the Issued amount, the entire subscription will be refunded to the applicants within 90 days from the date of closure of this issue. If there is a delay in the refund of such amount by more than 10 days, the company will pay interest @ 15% per annum for the delayed period.

Invest in Paper • Exports • Chemicals

Invest in HMG Industries

You know HMG. A well established Company with diversified activities in paper, exports and speciality chemicals. Diversity that lends us strength and stability and offers us opportunities to grow in more ways than one.

Each of our units — the paper, coated paper and packaging material plant at Taloja near Bombay, the speciality chemicals plant at Tarapur in Maharashtra and our food processing plant at Veraval in Gujarat — manufacture products that enjoy a good reputation in national / international markets. A result of our commitment to quality and a strong and dynamic management team.

We're now seeking new horizons for growth. By investing Rs.383.40 lakhs towards the modernisation and expansion of our paper plant. And setting up an Export Oriented frozen food processing plant at Panvel near Bombay at an outlay of Rs.389.08 lakhs. Projects that will take us to new heights in turnover and profitability.

At HMG, we look to the future with confidence. And invite you to share our growth and prosperity.

Issue of 3,22,650 14% Secured Fully Convertible Debentures of Rs.200 each for cash at par

HIGHLIGHTS

- ★ **Belongs to the well established HMG Group** with proven track record.
- ★ **Existing Company with diversified operations:** Activities in paper, coated papers, packaging material, speciality chemicals and exports of frozen foods.
- ★ Established market for Frozen Foods in Japan, Malaysia, Singapore, Middle East, U.S.A. and Africa.
- ★ **Export House** Recognised by the Government of India.
- ★ **Sound Track Record:** For the year ended 31st March 1990, Turnover : Rs.2267 lacs, Profit after Tax : Rs.108 lacs.
- ★ **Modernisation & Expansion plans** in the Paper division and setting up Export oriented Frozen Food Plant at an aggregate cost of Rs.772.48 lacs.
- ★ **Fully Convertible Debentures — 60% conversion on allotment.**
  - i) Rs.120 per Debenture to be converted into **10 Equity Shares** at a premium of Rs.2 per share **on allotment.**
  - ii) Rs.80 per Debenture to be converted into Equity Shares at a premium to be fixed by CCI, 25 months from the date of allotment.
- ★ 80 L, 80 M and wealth tax benefits.
- ★ Listing at Bombay and Ahmedabad Stock Exchanges.

If the Company does not receive the minimum subscription of 90% of the issued amount the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than ten days the Company will pay interest at the rate of 15% per annum for the delayed period.

Lead Managers to the Issue

Standard Chartered
Standard Chartered Bank
Merchant Banking Division
23-25 M.G. Road,
Bombay 400 023

FICOM Financial Services Pvt. Ltd.
Rajabahadur Compound,
32, Bombay Samachar Marg,
Bombay 400 023.

Co-Managers to the Issue

ANZ Grindlays Bank
Merchant Banking Division
132 Mint Road,
Bombay 400 001.

Indbank Merchant Banking Services Ltd.
7th Floor, Maker Tower F,
Cuffe Parade, Bombay 400 005.

Fairgrowth Financial Services Ltd.
Kshamalaya, 3rd Floor,
37 New Marine Lines,
Bombay 400 020.

ISSUE OPENS ON 10TH APRIL, 1991

HMG

HMG INDUSTRIES LIMITED

Regd. Office: Sidhwa House, 3rd Floor, N.A. Sawant Marg, Colaba, Bombay 400 005.

Strength Through Diversity

EXPRESSMAN

CEAT

Lacklustre performance; subsidiary amalgamation pushes up bottom line; margins under pressure; modernisation going on

Ceat, the flagship company of the R.P. Goenka group has announced a lacklustre performance for the year ended June 1990.

During this period, the company reported a higher turnover, but the gross profits showed a sharp fall of 27 per cent. The net profit was marginally higher at Rs.22.43 crore. The company could get a tax write off this year because, with effect from 1 July 1990, Murphy India was amalgamated with the company. This company had accumulated losses of Rs.8.86 crore which were adjusted against Ceat's free reserves. The compensation ratio for the Murphy shareholders included one Ceat share for every 25 Murphy shares. On an equity base of Rs.14.76 crore, the earning per share works out to Rs.15.19 (Rs.14.45), and with the dividend maintained, the average payout works out to 19 per cent (20 per cent).

The main reasons for the sharp fall in the profitability has been the sharp increase in raw material costs. The interest overheads have also ballooned. The company's interest overheads seem to have gone up substantially following its decision to issue partly convertible debentures aggregating Rs.136.06 crore, made last year. Also, due to competition within the domestic tyre market, the company was not in a position to pass its hike in overheads to its customers. This is clearly reflected in the fact that raw material costs as percentage to gross turnover have moved up to 53.21 per cent (50.25 per cent). Prices of natural rubber and tyre cord fabrics showed an increase of 11 per cent and 10 per cent respectively. All this resulted in the company's gross profit margins being placed lower at 6.20 per cent (10.30 per cent) against the current year's industry average of 10 per cent.

The company showed a higher capacity utilisation in its automotive tyre division which stood at 109 per cent (94 per cent). The average realisation for auto tyres was marginally higher by 3 per cent while in the glass fibre division it improved by 13 per cent. The company's new electronic division could report a turnover of Rs.20.27 crore out of which Rs.16.77 crore came from the sale of televisions.

Meanwhile, the company's average debtors collection period has gone up by 20 days to 70 days, indicating slower realisation of dues from customers. At the same time, the company's inventory period has also gone up from 25 days to 31 days in the current accounting period.

But despite the tight working capital conditions, the company has invested a higher amount in units of UTI amounting to Rs.32.67 crore (Rs.13.83 crore). Exports during the year stood at Rs.32.34 crore (Rs.20.76 crore).

The company opened several new Ceat Shoppes for enabling more effective stocking points and marketing outlets. It is also planning to expand its capacities of tyres meant for truck, light commercial vehicles and passenger cars at its Nashik plant. The civil work for this purpose has commenced and the expanded facilities are expected to commence from October 1991 onwards.

The company's glass fibre division is also planning to expand its capacity to 5,000 tpa by third quarter of 1991. The new electronic division is also planning to introduce a new range of audio and TV products and launch new photo copiers with technical assistance from Ricoh, Japan. The work on the company's backward integration project for manufacture of 10,000 tpa nylon tyre cord has started and will be commissioned by early 1992.

After the recent issue of the partly convertible debentures issued last year, in September 1990, the conversion has taken place and the equity capital has increased by Rs.8.50 crore to Rs.23.26 crore. Additionally the company has issued non convertible debentures aggregating to Rs.101.69 crore, which entitles the holder to get two equity shares at a premium not exceeding Rs.65 each, after four years from date of allotment. Another interesting fact which comes to light is that the company has lent Rs.53.66 crore as loans and advances to its subsidiaries largely on interest free terms.

Ceat's first half yearly results for the period ending December 1990 have shown a marked fall in profitability levels. The gross turnover during this period is placed at Rs.277.99 crore (Rs.229.18 crore) but gross profits have fallen to Rs.15.80 crore (Rs.16.94 crore). The net profit is however placed higher at Rs.10.03 crore (Rs.6.39 crore).

The share price which had touched a high of Rs.170 prior to the company coming with a rights convertible issue, has taken a severe beating. It has now stabilised at around Rs.85.

			(Rs crore)
Year Ended	**30 June 1990**	**30 June 1989**	**% change**
Gross sales	499.44	410.23	+22
Other income	15.93	11.03	+44
Raw materials' costs	265.79	206.16	+29
Employee costs	31.85	26.76	+19
Interest charges	25.41	11.90	+114
Gross profit	31.00	42.28	−27
Depreciation	8.57	6.44	+33
Tax		14.50	
Net profit	22.43	21.34	5
Equity capital	14.76	14.76	
Reserves and surplus	83.25	73.02	
Dividend (%)	30.00	30.00	
Market price (Rs.)			
Current	85.50		
1990: High	170.00		
Low	85.00		

Supreme Industries

Another rights convertible debenture to finance ongoing expansion modernisation and diversification plans; no impact of Gulf crisis on half yearly results; dividend up 15 points.

Supreme Industries, a blue chip company of the Bombay-based Taparia group is engaged in the manufacture of moulded and extruded goods, plastic buckets and toilet seats, lamp shades, PVC pipes and fittings, multilayer sheets and films.

Supreme Industries			*(Rs crore)*
Year ended	**30 Jun '90**	**30 Jun '89**	**% change**
Net sales	115.42	85.33	35
Other income	0.82	0.59	44
Raw materials and components consumed	74.02	53.89	37
Employees' cost	1.61	1.07	50
Other expenses	15.47	8.73	77
Interest	6.47	5.13	26
Depreciation	3.14	2.59	21
Tax	0.60	0.06	900
Net profit	5.27	3.27	61
Equity capital	2.28	2.28	
Reserves and surplus	32.08	33.58	
Borrowings	10.25	12.04	
Gross block	59.80	50.46	
Dividend (%)	60.00	45.00	
Market price (Rs.):			
Current	260.00		
1990 High	500.00		
Low	227.00		

For the year ended 30 June 1990, the injection moulding division worked at full capacity. Moulds for electronic voting machines were developed. The multilayer sheets division also operated at full capacity and the company initiated steps to put up a new plant at Daman. Performance of the multilayer films division was not up to the mark. The margins of the PVC pipes division and of extruded items continued to be under pressure.

During the year, its product range was widened to meet the demands of high tech plastic products. The company has ongoing modernisation and expansion projects. During 1988-89, expansion of its injection moulding, PVC pipes and fittings and multilayer sheet capacities were undertaken. These projects, costing Rs.22.50 crore, were financed by partly convertible debentures on a rights basis aggregating Rs.8 crore.

The company has an extremely liberal distribution policy. Dividend was stepped up from 36 to 45 per cent (despite an 8 per cent fall in profits) during 1988-89. This was further raised by 15 points to 60 per cent during the year under review. EPS rose from Rs.14 to Rs.23 on the small equity base of Rs.2.28 crore. Free reserves as on 30 June 1990 stood at Rs.17.38 crore on conversion of the debentures. During 1991-92, equity capital will increase by Rs.1.14 crore to Rs.3.42 crore and another Rs.10.26 crore will be added to reserves by way of share premium.

The working of Supreme Industries does not seem to be affected by the Gulf crisis. The company reported a 33 per cent increase in its gross profit to Rs.5.12 crore during the six-month period ended 31 December 1990 against Rs.3.84 crore in the corresponding six months last year. Sales is up by 14 per cent to Rs.59.40 crore (Rs.51.97 crore) and the bottomline was lifted by 25 per cent to Rs.2.74 crore (Rs.2.20 crore).

Phillips Carbon Black

Sluggish market; slow recovery from debtors with debts amounting to Rs.80 lakh; lower tax liability reduces impact of higher royalty and interest costs; modernisation and technical upgradation to be implemented; disposes off its investment in India Polyfibres

Phillips Carbon Black, an R.P. Goenka group company manufactures carbon black, an important ingredient in tyre manufacture. In the sluggish carbon black market, the company's performance for the year ended 30 September 1990 could be considered satisfactory.

During the year, production increased marginally by 2 per cent on an annualised basis to 37,006 tonnes against 54,559 tonnes in the previous 18-month period ended 30 September 1989. Sales volume at 36,375 tonnes (53,824 tonnes) recorded a marginal growth of 1.4 per cent. Average sales realisation improved by 5 per cent which partially took care of the escalation in input costs.

The company has a high asset turnover ratio of about 11 times as its plants are old and depreciated. Plans are on to modernise and upgrade technology with the help of its American collaborators, Columbian Chemical Co. Finance will come from internal accruals and external borrowings.

During the year under review, interest charges shot up by 53 per cent on an annualised basis to Rs.7.26 crore (Rs.7.10 crore). The increase was compensated by a similar increase in interest income (on loans and advances) at Rs.2.07 crore (Rs.2.02 crore). To check further rise in interest costs, the company disposed of 5 million shares of India Polyfibres (a group company) for Rs.5 crore.

Recovery from debtors slowed down from 14 to 31 days. The company has also written off bad debts amounting to Rs.80 lakh (Nil). Profitability during the year was also affected by a 47 per cent rise in royalty charges at Rs.1.35 crore (Rs.1.38 crore). Royalty per tonne of carbon black worked out higher at Rs.371 (Rs.254). Tight control over manufacturing and selling expenses resulted in a 13 per cent increase in operating profits. Gross profit declined by 36 per cent due to a steep rise in interest costs.

Substantial reduction in tax liability (by 59 per cent) has seen the bottomline register a growth of 17.4 per cent. As the dividends are being paid with a high payout ratio of over 80 per cent, a very small amount is ploughed back for future plans.

The Gulf crisis has indirectly hit the carbon black industry by slowing down the growth of the transport industry. In the absence of any diversification plans, the company's prospects look unexciting.

Phillips Carbon *(Rs crore)*

Year ended	31 Sept '90	31 Sept '89	% change
Net sales	82.86	118.66	5
Other income	2.35	2.77	27
Royalty	1.35	1.38	47
Raw materials and components consumed	43.25	64.62	
Employees' cost	3.28	4.14	19
Other expenses	27.51	39.64	4
Interest	7.26	7.10	53
Depreciation	0.60	0.92	-2
Tax	1.05	3.86	-59
Net profit	0.90	1.15	17
Equity capital	5.26	5.26	
Reserves and surplus	9.44	9.77	
Borrowings	26.40	23.86	
Net block	7.82	7.07	
Net current assets	28.65	22.18	
Dividend (%)	14.00	18.00	
Market price (Rs):			
Current	45.00		
1990 High	60.00		
Low	33.00		

TRENDS

20th Century Finance

The Bombay-based 20th Century Finance is one of the largest leasing companies in the private sector. It periodically holds "loan melas" where finance for purchasing automobiles is provided on the spot. The company's gross disbursements during the nine-month period were Rs.54.73 crore (Rs.53.6 crore for the year ended March 1990). The directors have recommended a dividend of 18 per cent on a capital base of Rs.8.87 crore.

For the nine months ended December 1990, the company's gross income from its leasing and hire purchase activities shows an increase of 24 per cent (on an annualised basis) over the figure of the previous year ended March 1990. The growth in total income seems to be in tune with the company's annual growth

(Rs crore)

Period	Apr-Dec '90	Apr-Mar '90	Apr '88-Mar '89
Gross income	30.84	33.22	26.35
Salaries and wages	2.38	2.13	1.56
Interest	11.67	11.51	8.10
Gross profit	16.79	19.58	16.69
Depreciation	12.26	14.75	12.33
Tax	0.60	0.79	0.85
Net profit	3.92	4.03	3.51
GP/Gross income (%)	54.44	58.94	63.34

Come, share the rewards of

RATIONAL INTEGRATION.



* One of the leading manufacturers of value added texturised and twisted polyester filament yarn, synthetic blended suitings, shirtings & dress materials; worsted spinning for manufacture of polywool, polyester silk, polyester flex, polyester ramie, polyester viscose, woollen & acrylic yarns.
* High growth, integrated complex with latest technologies, multi location production, large domestic and export markets, competent leadership, professional management.
* From 1982-83 to 1989-90 : turnover up 1049%, net profit up 3481%, assets up 3876%; Turnover expected to touch Rs. 129 crores in 1992-93.
* Consistent profit earner and dividend

RIGHTS ISSUE OPEN

PUBLIC ISSUE OPENS ON 2ND APRIL, 1991

OSWAL PREMIUM SUITINGS

ARIHANT FABRICS LTD.

Regd. Office : B-35, Phase V, Focal Point, Ludhiana-141 010

Lead Managers to the Issue

SBI Capital Markets Limited

SBI CAPITAL MARKETS LTD
Tower Block
World Trade Centre Complex
Barakhamba Road
New Delhi-110 001

Industrial Finance Corporation of India
Merchant Banking Division
New Delhi-110001

ARIHANT

Fully integrated for manufacture of polyester viscose, blended yarns, wool/polyester worsted yarn, synthetic blended suitings, shirtings & dress materials and fabric processing.

Rights-cum-Public Issue of 14% Secured Fully Convertible Debentures of Rs. 200/- each aggregating Rs. 27 crores.

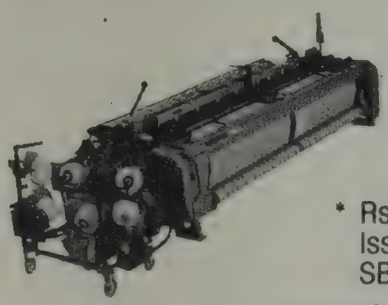
ISSUE HIGHLIGHTS

payer; 25% dividend in 1988-89.

* Now implementing Rs. 63 crore diversified expansion-cum-modernisation scheme comprising:
  New ring spinning unit of 25000 spindles to manufacture electronically cleared, knotless, spliced, cotton, polyester cotton and polyester viscose yarn;
  Doubling of worsted spinning capacity to 12000 spindles;



  Setting up of Woolcombing Unit with capacity of 7,14,000 Kgs per annum;
  Installation of 24 additional Sulzer weaving machines — already implemented.
* All projects entitled to government incentives/concessions.
* Flagship company of highly successful Arihant Group.



* Rs. 225 lakhs from Public Issue reserved for UTI and SBI Mutual Fund.
* **Excellent Conversion Terms —full conversion in two stages: 6 months and 12 months from date of allotment at a premium of Rs. 10/- per share.**
* 80L, 80M and Wealth Tax benefits.
* Listing at Ahmedabad, Bombay, Calcutta, Delhi and Ludhiana Stock Exchanges.
* Maximum permissible interest (14%) being paid until conversion.

If the company does not receive the minimum subscription of 90% of the issue amount, the entire subscription will be refunded to the applicants within 90 days from the day of closure of this issue. If there is a delay in refund of such amount by more than 10 days, the Company will pay interest at the rate of 15% p.a. for the delayed period.

ARIHANT - No Frills, Only Solid Results

• PREMIUM FABRICS •WORSTED YARN • TEXTURISED & TWISTED POLYESTER YARN • COTTON & SYNTHETIC BLENDED YARN

Sobhagya/99/91

rate. The net profit at Rs.3.92 crore reflects a 29 per cent growth on an annualised basis.

Gross profit margins have dropped by three points to 54.4 per cent. Meanwhile, the company has diversified its range of financial activities through joint ventures and has also entered the field of venture capital.

Advani Oerlikon

Advani Oerlikon, engaged in the manufacture of welding consumables and equipments, has done well. This is attributed to higher sales volume, upgradation of technology and control over costs.

Advani Oerlikon *(Rs crore)*

Period	Apr-Sept '90	Apr-Sept '89	Apr '89-Mar '90
Net sales	60.94	49.60	107.11
Other income	0.23	0.53	1.28
Raw materials' cost	26.90	21.23	47.02
Salaries and wages	6.34	6.14	12.10
Other expenses	23.45	19.08	41.57
Operating profit	4.48	3.68	7.70
Interest	1.87	1.54	3.33
Gross profit	2.61	2.14	4.37
Depreciation	0.96	0.88	1.65
Tax	0.81	0.61	1.51
Net profit	0.84	0.65	1.21
OP/Net sales (%)	7.35	7.42	7.19
RM/Net sales (%)	44.14	42.80	43.90

As per the six months results, the company has reported a 23 per cent increase in its turnover. Its gross profit is up by 22 per cent as compared to the corresponding period last year. However, the net profit has increased more than proportionally by 29 per cent despite higher provision for depreciation and tax. As the company's cost of raw material to sales ratio has increased, its profitability margins have fallen.

Sterlite Industries

Sterlite Industries, engaged in the manufacture of power and jelly filled telephone cables besides conductors, went public in February 1988. It has been performing consistently after that. The company had imported a second hand plant, spending only Rs.8 crore as against its competitors' cost of Rs.20 to Rs.25 crore. This gave the company a clear edge from day one.

Sterlite Industries *(Rs crore)*

Period	Jul-Dec '90	Jul-Dec '89	Jul '89-Jun '90
Net sales	40.18	32.11	70.98
Other income	0.54	0.05	0.03
Raw materials' cost	23.37	18.77	39.86
Salaries and wages	0.38	0.37	1.02
Other expenses	9.66	7.11	18.27
Operating profit	7.31	5.89	11.86
Interest	1.10	0.85	0.94
Gross profit	6.21	5.04	10.92
Depreciation	0.89	0.53	1.31
Tax		0.30	0.87
Net profit	5.31	4.21	8.74
OP/Net sales (%)	18.19	18.34	16.71
RM/Net sales (%)	58.16	58.45	56.15

For the six months ended December 1990, the company's sales is up 25 per cent while its other income has seen a over ten fold increase. The other income has increased on account of trading activity in non-ferrous rods. Although at gross level, margins have slipped slightly, net level margins are up. However, the company has not provided for taxation as it plans to account for it at the end of the year.

Meanwhile, the company's continuous cast copper rods (CCCR) plant at Lonavla, with a capacity of 12,000 tpa has gone on stream. The company is also setting up a Rs.50-crore project for the manufacture of aluminium alloy rolling sheets and foils.

Currently, the EPS on annualised basis is Rs.24 on the increased equity base of Rs.4.36 crore. Considering that the CCCR plant's working would reflect on the second half, the company could end the current year even better.

RESULTS ANNOUNCED

Hindustan Lever

Hindustan Lever has announced improved results for the year ended December 1990 as well as a liberal bonus of 1:2. The company has also proposed a higher dividend of 42 per cent (1989 — 35 per cent) which will be payable on the existing equity capital of Rs.93 crore.

Net sales at Rs.1,201 crore has shown an increase of 19 per cent. As compared to the corresponding period last year the company has registered higher sales of 3 per cent for the six months ended December 1990. This has been attributed to a good monsoon and a reinforced thrust on both rural and export sales. Exports have gone up to Rs.162 crore from Rs.130 crore.

Other income has doubled from Rs.3 to Rs.6 crore. Alongwith the rise in income, expenditure on salaries and wages too have increased by 25 per cent while interest costs are 4.5 per cent higher.

Gross profit has increased by 21.8 per cent to Rs.127.99 crore while net profit registered a rise of 19.79 per cent to Rs.65.85 crore.

Two new manufacturing units, one for toilet soap at Orai in UP and the other a biopolymer unit at Pondicherry, which went on stream last year are expected to start production soon.

Tea Estates

Tea Estates proposes to pay a final dividend of 40 per cent. This, together with the earlier interim payment works out to 60 per cent for the year ended December 1990. The dividend is payable on an enhanced equity after the issue of bonus shares in the ratio of 1:2.

For the period under review, the company's sales was up by 25 per cent to Rs.46.13 crore. After providing Rs.10.06 crore (Rs.7.01 crore) for taxation, the net profit zoomed by 56 per cent to Rs.11.75 crore.

Lipton

Lipton India, a Unilever group company deals in tea, edible fats, dairy products and animal feed. Its new foods division makes fruit juice sold under the brand name 'Tree Top'.

The results announced for the year ended December 1990 has been lacklustre. It shows a sharp drop of 44 per cent in net profit from Rs.10.43 crore to Rs.5.83 crore despite an increase of 22.5 per cent in gross turnover from Rs.459.04 crore to Rs.562.21 crore. The main reason for the fall in profits is the poor performance of the foods division, 'Tree Top' having fared badly in the market. The higher bulk tea prices further eroded the company's profits.

Provision for taxes this year has increased from Rs.5.55 crore to Rs.6.22 crore. Tax incidence was much higher

Why a successful company providing good customer service, still wants to enhance it.



It is on the foundation of customer service that many solid companies are built. The existence of any business depends on service. Service that earns the customer's respect and confidence.

Which is why, we seize every opportunity to respond to our customers needs and meet them even if we have t go out of our way.

Like supplying Nitric Acid at the customer's doorstep – in our own tankers.

Like stopping our plant and setting up a special run to produce Ammonium Nitrate for an anaesthetic gas manufacturer.

For us at Deepak Nitrite, meeting a customer's specific need is not an intrusion on our routine, but an opportunity for us to demonstrate how much we care for them.

All this finds expression in our belief that a genuine relationship with the customer doesn't end with selling but begins with it. And, this attitude is inherent not just in our marketing team but in every department of the company.

Service to our customers is very much a part of our corporate philosophy. No effort is spared to continuously improve it. Because, ultimately it is this commitment that distinguishes a great company from a good company.

Deepak Nitrite Limited

sh...shakti, B G. Kher Marg, West, Bombay 400 0...

A determined drive for excellence



compared to the previous year because of an increase in surcharge rates and a reduction in tax allowable depreciation. Also, net profits for 1989 included a non-recurring profit of Rs.274 lakh, from sale of property no longer required, for which tax payable was insignificant.

The company's profit margins have declined considerably with gross margins down from 3.77 to 2.45 per cent while at net levels it slid from 2.27 to 1.04 per cent. The EPS has also fallen significantly from Rs.6.6 to 3.7.

The tea and animal feed divisions continued to do well. The pouch pack brand 'Taaza' continued to grow significantly. The company started operations at its new packet and instant tea factory in Etah, UP which contributed to the profits of the tea division. The edible fats business also improved. However, due to abundant availability of milk and milk powder, margins in the milk powder business were under pressure.

Garden Silk

Garden Silk has crossed the Rs.100 crore turnover mark, clocking Rs.109.59 crore for the year ended December 1990 — a 16 per cent increase over last year. While the gross profit is up 50 per cent to Rs.9.12 crore, at net levels the profit showed a nearly threefold increase to Rs.4.23 crore (Rs.1.46 crore).

Meanwhile, there are plans to float a new company to implement its diversification programme. It will be setting up a project to manufacture 15,000 tonnes a year of polyester filament yarn. The project to be located at Valia in Gujarat, involves a cost outlay of Rs.180 crore. The company plans to implement the project in two phases — 5,000 tpa of PFY will be manufactured during the first phase. The company also proposes to collaborate with Lurgi GmbH.

IN BRIEF

DCL Finance is making a rights equity issue in the ratio of 1:1.

Crompton Greaves has bagged a Rs.1.4 crore order for luminaries and lamps from Durgapur Steel Plant.

Tata Honeywell has clinched a Rs.15 crore order for distributing digital control systems.

Do-Max Steel, a Baroda-based company is setting up a Rs.6 crore steel project at Waghodia in Baroda. It envisages the manufacture of steel ingots and alloy steels with a capacity of 30,000 tpa.

Rama Vision has started commercial production of 14-inch B&W television picture tubes.

Tapuriah Steels plans to double its capacity to 12,000 tpa, at a cost of Rs.3.80 crore. It is also installing a special refining system and an induction furnace.

FAG Precision is introducing a rights issue aggregating Rs.14 crore to finance its technology upgradation and modernisation scheme.

Shree Vindhya Paper Mills has stepped up its interim dividend by three points to 15 per cent for March 1991. Last year, the total dividend paid was 25 per cent.

Carborundum Universal has finalised its plans to set up a Rs.12 crore project to manufacture 500 tpa of ceramic colours.

Boehringer-Knoll will henceforth be called Boehringer Mannheim India.

Baroda Rayon plans to tap the capital market with a 12.5 per cent partly convertible debenture issue, on a rights basis, in the ratio of 1:7.

Titanium Equipment has entered into an agreement with Syrinx Research Institute of Australia for import of membrane.

Akhil Ceramics is setting up a project to manufacture 13,000 tpa of ceramic floor and wall tiles at a cost of Rs.13.30 crore.

Gulshan Sugars & Chemicals, engaged in the manufacture of activated and precipitated calcium carbonates at Muzaffarnagar in UP, plans to tap the capital market.

Grauer & Weil has bagged an order worth Rs.3.25 crore to export PCB machinery to the USSR.

Why a successful company that has come a long way, still feels it is just the beginning.



Expansion and diversification are the wings of a company that help it attain new heights. It is this entrepreneurial spirit that continuously explores new fields. Fields that usher in good tidings for everyone.

Which is why, every effort is made to constantly tap and harness new opportunities that come our way.

Like starting out in 1972 with just 2 products and later diversifying into over 30 different products.

Like undertaking a Rs. 42 crore expansion programme to set up a multi-purpose Nitro Aromatics plant. The plant will manufacture para Nitro Chloro Benzene, ortho Nitro Chloro Benzene, para Nitro Toluene, ortho Nitro Toluene, and Nitrated Esters. Biazzi SA, Switzerland will provide the technical know-how.

For us at Deepak Nitrite, diversification is not just a means to enhanced profits, but an integral part of our plans to adopt the latest international technology and produce world-class products.

All this is reflected in our vision to start a number of plants manufacturing various Nitrated products, once the demand for each of these products is created.

Exploring new fields is very much a part of our corporate philosophy.
No effort is spared in our quest for excellence. Because, ultimately it is this commitment that distinguishes a great company from a good company.

Deepak Nitrite Limited

A determined drive for excellence

A joint venture of SULZER Corporation, Switzerland and RPG Enterprises

SULZER

A Multinational Multiproduct Engineering Company

- Product range manufactured

Multi-stage High Pressure Air/Gas Compressors
Mellapak Structured Packings
Pusher Type Centrifuges
Static Mixers

- Sales Representatives in India for other SULZER products



Technology that holds your future

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SULZER's technical experts are available to provide prompt professional after-sales-service as part of Sulzer India's commitment to customer support

STOCKMARKET REVIEW

Sitting the uncertainty out

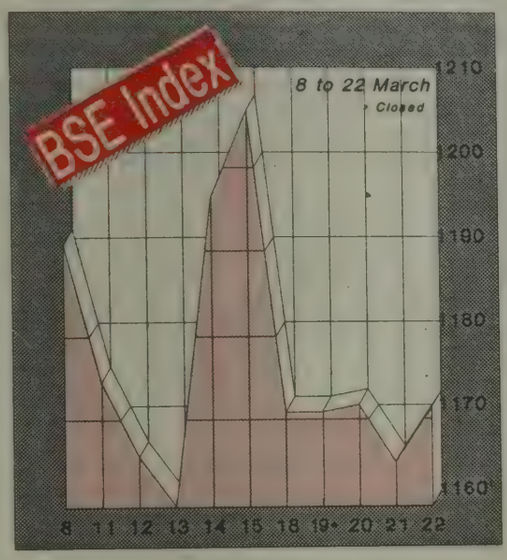
(For the period 11 to 23 March 1991)

	9 March	23 March	Percentage change over fortnight	year
BSE Sensitive Index	1171.59	1191.05	–1.7	+ 54.6
BSE National Index	591.18	594.07	–0.5	+ 43.5
Vol (Rs.cr) for fortnight ended	91.50	97.59	–6.3	–9.9

The market continued to reel under the impact of political uncertainty over the fortnight. The dissolution of the Lok Sabha on 13 March was an unlucky 13th for bulls who were, in the main, hoping for a Congress government at the Centre. That marked the beginning of what the newspapers called "hectic political activity" which was nothing but an euphemism for the politicians' activity of trading moral values for political gains. The market, aware of the public's likely sharp response to the nonsense that politicians think that they can escape with, was depressed and likely to remain so. If shrewd bargaining does not get the *netas* where they want to be or if the public shows its disgust (as is likely) via low turnouts at rallies, there is a strong likelihood that our *khadi*-clad leaders will incite all sorts of violence. This, then, was further reason for the market to be down.

Unexpected outcome. Given all this, it was perhaps a wonder that the market fell only marginally over the fortnight under review. This unexpected outcome was actually due to the fact that public sector financial institutions, having a very strong reason to keep the market high, bought heavily to ensure this. And this strong reason had nothing to do, as rumoured, with altruistically assisting the government's wealth tax collections by keeping market values artificially high on 31 March, the date that the fiscal year ends. With a lame-duck government in place, such motivated governance is not on these days.

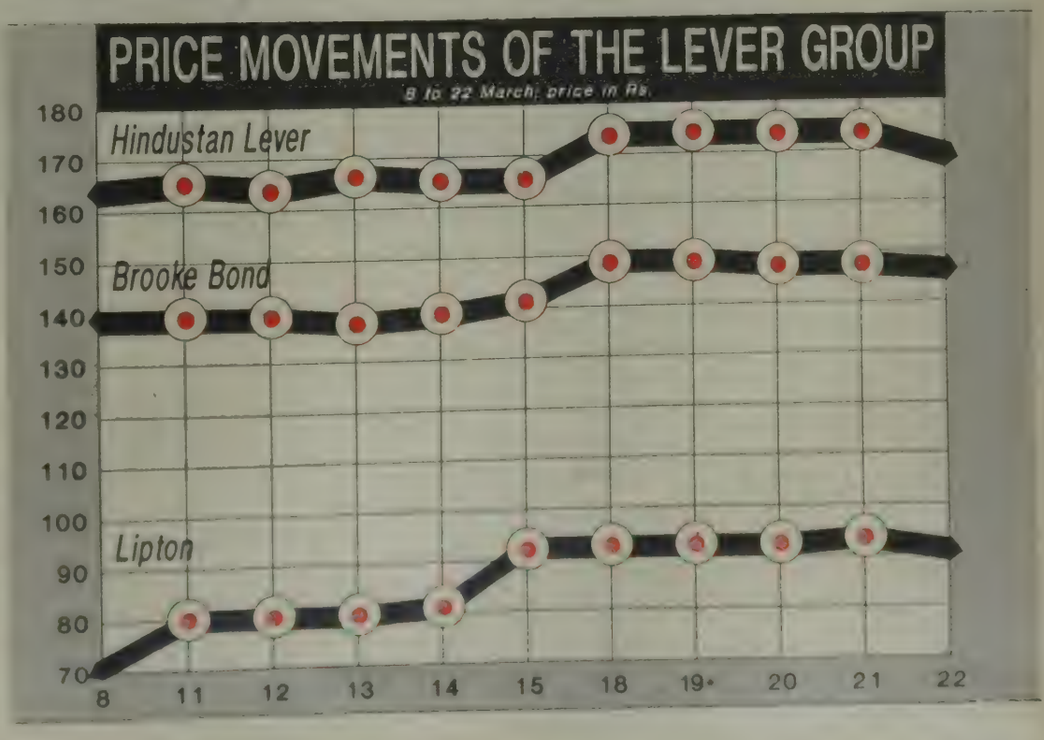
The real reason is that some of the financial institutions, who have their own year-ends on 31 March and who plan to collect a lot of money from the public this year, need to show the best possible results for the fiscal year 1990-91. Since their results will be judged by the market value of their investments on 31 March, they were ready to support the market and did so by buying heavily over the fortnight. They will continue to do so until 27 March, the last trading day of the fiscal year. After that, the market will "seek its own level". Meanwhile, it has provided a grand opportunity for bears. And what about the small investor? Hands up all those who consider him totally irrelevant.



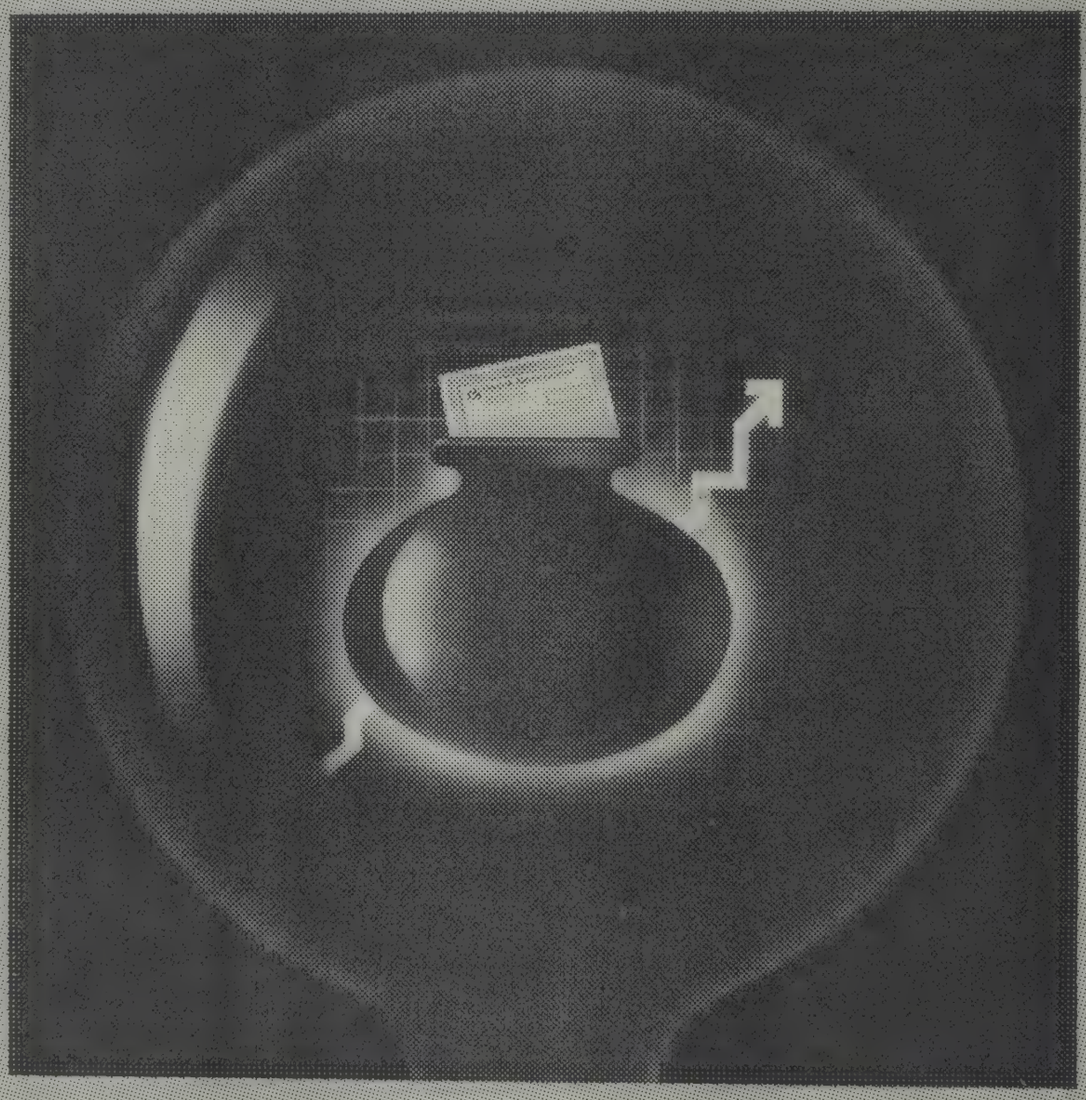
The foreign exchange crisis, apparently known to everyone but the Reserve Bank, also haunted the market. The country, which is consuming foreign exchange at the net rate of $400 million a month was bound to run out of its first tranche of IMF money of $1.7 billion by the end of April. This was known in January itself when the IMF loan had been sanctioned. However, since the budget was deferred due to political developments, the second tranche of an equal sum is probably likely to be delayed as well. This forced the RBI to conserve foreign exchange via drastic measures. The situation, though, is probably not as bad as it is being made out to be because the new measures mean a rise in interest costs and not a ban on imports.

Rumours of poor performance. Since institutions were busy playing the index, cash shares were relatively inactive compared with forward shares (which make up the bulk of market value) over the fortnight. Among forward shares, Reliance was the most actively traded. It was heavily sold by bears as rumours of poor performance continued to proliferate in the market. The scrip closed the fortnight at Rs.122.50, down from Rs.137.50 (-10.9 per cent) on volume of 6.15 million shares over the period. Tata Steel also dropped sharply to Rs.158.75 from Rs.172.50 (-8 per cent) on volume of 3.9 million shares.

The market's steadiness, given the sharp drop of the above two market leaders, arose in part from the expected good performance of companies in the Hindustan Lever group. This was confirmed, as it were, by the announcement on 20 March by both Hindustan Lever and Brooke Bond that they would issue a bonus to shareholders. This caused Hin-



Why a successful company that has given over 6000% returns to its shareholders, still wants to do more for them.



SWAMY BBDO DNL 701

Shareholders are the pillars of strength on which the edifice of success is built. Earning their confidence is the essence of any business relationship. A relationship that spells progress for everyone.

Which is why, we leave no stone unturned to make sure that every shareholder is amply rewarded.

Like consistently declaring dividends for the last 16 years. Total dividends amount to Rs. 9054 on an initial investment of Rs. 1000.

Like giving bonus shares which form nearly 81% of the shareholder's total capital.

Like providing them with yet another attractive investment opportunity to participate in the Rights Issue to finance the new Nitro Aromatics Division.

For us at Deepak Nitrite, the relationship with our shareholders is far from businesslike. We are more like one big happy family.

Care and concern for the shareholder is very much a part of our corporate philosophy. No effort is spared to give these top priority. Because, ultimately it is this commitment that distinguishes a great company from a good company

The Rights Issue

A: PARTLY CONVERTIBLE DEBENTURES

- Issue of 25,51,500 – 12.5% Secured Redeemable Partly Convertible Debentures of the face value of Rs. 80 each for cash at par aggregating Rs. 20,41,20,000.
- Of this, Rs. 50 will be converted into one equity share of Rs. 10 at a premium of Rs. 40 after the expiry of six months from the date of allotment.
- The non-convertible portion of Rs. 30 will be redeemed at par after the expiry of 7 years, but not later than 10 years from the date of allotment.

B: NON-CONVERTIBLE DEBENTURES

- Issue of 24,30,000 – 14% Secured Redeemable Non-convertible Debentures of the face value of Rs. 100 each for cash at par aggregating Rs. 24,30,00,000.
- The Non-convertible Debentures will be redeemed in 3 annual instalments of Rs. 35, Rs. 30 and Rs. 35 at the end of the sixth, seventh and the eighth year respectively from the date of allotment.
- A premium of Rs. 5 per debenture will be paid alongwith the redemption of the second instalment of the principal amount of Rs. 30 (i.e. at the end of the seventh year from the date of allotment).

The Deepak Nitrite share has appreciated substantially in a short span of 20 years, giving investors more value for their money.

Face value of 100 Deepak Nitrite shares in 1971-72		Rs. 1000
Bonus 4:5	1976-77	Rs. 800
Bonus 1:1	1979-80	Rs. 1800
Bonus 1:2	1985-86	Rs. 1800
		Rs. 5400
Market value of Share @ Rs. 110 (as on 13th February, 1991, BSE)		Rs. 59,400
Cumulative Dividend till date		Rs. 9,054
Rs. 1000 invested in 1971-72 has today become		Rs. 68,454

Highlights

- Consistent growth in dividends over the last 16 years.
- Three rewarding bonus issues in a short span of 15 years.
- Diversifying into the profitable Nitro Aromatics field in technical collaboration with Biazzi SA, Switzerland.
- Low gestation period Project to go on stream by end 1991.
- Earnings per share were Rs. 14.33 for the year ended March 31, 1990.

Issue closes on April 20, 1991

Deepak Nitrite Limited

Shivshakti, B.G. Kher Marg, Worli, Bombay 400 018

A determined drive for excellence

dustan Lever to hit the year's high of Rs.180 while Brooke Bond rose to Rs.152.50. Even Lipton, which has done badly in 1990, rose to Rs.98.75 on expectations of a maiden bonus. Another share, much in demand by financfal institutions, was Nestle which rose to Rs.147.50 over the fortnight, up from Rs.141.25.

Hindustan Lever's results, however, were good but not outstanding. Its 20 per cent jump in net profits was below the market's expectations as was the bonus off (*see chart*), followed sympathetically by Brooke Bond and Lipton. However, since these ended higher over the fortnight, they had a beneficial effect on the index.

The market's mood will entirely be determined by the actions of politicians in the months to come. Since the latter are likely to be busy meeting strange bedfellows, the market lacks a reliable view of the outcome of the May elections. It is therefore likely to remain confused.

■ RAFIQ DOSSANI

PENALTY POINTS SYSTEM

A matter of accountability

After 1 May this year, merchant banks will think twice about taking up equity issues of sick or unviable companies. From that date, the system devised by the Securities and Exchange Board of India to award penalty points to merchant bankers violating SEBI guidelines comes into effect.

Over the past six months itself, SEBI has had to issue several notifications to induce some accountability. "The fear of being awarded penalty points will make merchant bankers more disciplined and lousy issues will not enter the market," says R. Sankaran, managing director, IndGlobal Financial Trust.

Indirect credit rating. With the introduction of the penalty points system, merchant bankers will be more cautious and only handle issues of creditworthy companies, where the risk of penalty points is less. If one bank refuses to handle a particular issue other banks will automatically be cautioned and thereby help the emergence of an indirect method of credit rating issues.

Non-compliance with SEBI guidelines has been grouped into four categories: general defaults, minor defaults, major defaults and serious defaults (*see box*). On accumulating eight penalty points, a merchant banker is liable to be de-authorised for a suitable period of time.

De-authorisation may not mean much, as the SEBI Bill has yet to be enacted and SEBI, therefore, cannot enforce de-authorisation. A de-authorised merchant banker can still handle share issues. In reality however, it is unlikely that he would. Says one banker, "De-authorisation is a slap on the face. No banker will defy it and rub SEBI the wrong way."

However, the proposed system has not failed to draw criticism. There are murmurs that there was no dialogue between SEBI and merchant bankers before the circular about the system was released. Says one banker, "When a new culture is being evolved it is not right that we should be kept out." The bankers also have reservations on aspects of the system, which the Association of Merchant Bankers intends taking up with the SEBI.

Says S.M. Parande, executive director, SBI Capital Markets, "One of our objections is that there is an element of subjectivity in assigning penalty points." The most stark example is in the area of serious defaults, where SEBI will engage in evaluation of "unethical practice" and "non-cooperation with SEBI."

No teeth. In the category of minor defaults, it is felt that it would be unfair to blame merchant banks for delays in refunds or allotment of securities. These are post-issue matters handled by other banks and individual companies over whom merchant bankers have no control. Without the requisite powers of enforcement merchant bankers are unable to pull up defaulting banks and companies.

On the whole, though, the new system is likely to bring some degree of accountability into the primary and secondary issue market which should bring considerable cheer to the harassed investor.

■ GEORGE ALBERT

Defaults attracting penalty points

The following defaults will attract penalty points:

General default — one penalty point
a) Non-receipt of draft prospectus/letter of offer from the lead manager by SEBI, before filing with the Registrar of Companies/stock exchanges.
b) Non-receipt of inter-se allocation of responsibilities of lead managers in an issue by SEBI prior to issue opening.
c) Non-receipt of due diligence certificate in the prescribed manner by SEBI before opening of the issue.
d) Failure to ensure submission of certificate of minimum 90 per cent subscription by the issuer.
e) Failure to ensure publicising of dispatch of refund orders, share/debenture certificates, filing of listing application, etc by the issuer.

Minor default — two penalty points
a) Advertisement, circular, brochure, press release and other issue-related materials not being in conformity with contents of the prospectus.
b) Exaggerated information or information extraneous to the prospectus is given by issuer or associated merchant banker in any press conference, investor conference, brokers conference or other such conference/meet prior to the issue for marketing of the issue arranged/participated by the merchant banker.
c) Failure to substantiate matters contained in the highlights to the issue in the prospectus.
d) Violation of the government directive regarding advertisements on new Capital Issues.
e) Failure to exercise due diligence in verifying contents of prospectus/letter of offer.
f) Failure to provide adequate and fair disclosure to investors and objective information about risk factors in the prospectus and other issue literature.
g) Delay in refund/allotment.
h) Non-handling of investor grievances promptly.

Major defaults — three penalty points
a) Mandatory underwriting not taken up by lead manager.
b) Excess number of lead managers than permissible.
c) Association of unauthorised merchant banker in an issue.

Serious defaults — four penalty points
a) Unethical practice and/or violation of code of conduct.
b) Non co-operation with SEBI in furnishing desired information, documents, and evidence as called for.

BPL Sanyo Utilities and Appliances

BPL Sanyo Utilities and Appliances is an existing profit-making company which started its operation in February 1990. For the six months ended September 1990, the company's turnover was Rs.16 crore and profit after tax was Rs.82 lakh. For the full year ending March 1991, it's turnover is expected to go up to Rs.40 crore.

The company is promoted by the Bangalore-based BPL group. The Rs.600 crore group is well known in the consumer electronics segment.

BPL Sanyo Utilities and Appliances is currently manufacturing colour televisions at its existing plant at NOIDA in UP under the BPL brand name. The company is now putting up new plants at NOIDA and Maddur near Bangalore at a total

BPL Sanyo Utilities and Appliances		
Issue opens	:	10 April 1991
Size of the issue	:	a) equity shares: Rs.7.79 crore b) partly convertible debentures: Rs.12 crore
To Indian public	:	a) Equity shares: Rs.57 lakh b) Debentures: Rs.9.21 crore
Instrument	:	a) Equity shares and debentures
Promoter	:	BPL India and other BPL group companies
Project	:	Setting up plants for CTVs and domestic appliances
Plant location	:	NOIDA, Uttar Pradesh and Bangalore
Listing	:	Bangalore, Bombay and Delhi

cost of Rs.34 crore. In the first phase, at both the plants, the company will manufacture colour televisions and domestic appliances like washing machines, vacuum cleaners and dish washers. In the second phase the domestic appliances range will be widened to include microwave ovens and steam type electric irons.

To finance the project the company is making a public issue of Rs.19.79 crore, of which Rs.12 crore is partly convertible. The rest are equity shares. Of each partly convertible debenture of Rs.150, Rs.50 will be converted into five equity shares of Rs.10 each on allotment. The rest will remain non-convertible till redemption. After the part conversion the total equity of the company will be Rs.11.79 crore.

Arvin Liquid Gases

Arvin Liquid Gases is a new company promoted by Arvind Patel who has been distributing and marketing gas in Gujarat for the last 15 years. Patel also has a small unit manufacturing acetylene gas near

Arvin Liquid Gases		
Issue opens	:	8 April 1991
Size of the issue	:	Rs.2.40 crore
To Indian public	:	Rs.2.20 crore
Instrument	:	Equity shares of Rs.10 each for cash at par.
Promoter	:	Arvind Patel
Project	:	To produce 400 cubic metres of oxygen gas per hour.
Plant location	:	Halol near Baroda, Gujarat
Listing	:	Baroda, Bombay and Ahmedabad

Baroda, Gujarat.

The new company is setting up an oxygen gas plant with a capacity of 400 cubic metres per hour, near Baroda at a cost of Rs.8 crore. Industrial grade oxygen finds application in a wide range of industries like steel fabrication, chemicals, fertilisers and ship-breaking. The plant is being set up by the industry leader Indian Oxygen Ltd on a turnkey basis. It will be financed by a Rs.4 crore equity (60 per cent public), lease finance of Rs.1.95 crore and loans.

Yuken India

Yuken India is an existing profit making company manufacturing hydraulic equipments in technical collaboration with Yuken Kogyo of Japan. The company started commercial production at its Bangalore plant in 1978. For the year ended March 1990 its sales were Rs.7.39 crore on which it made a net profit of Rs.26 lakh.

The company is now implementing a modernisation-cum-expansion programme for its hydraulic and foundry divisions.

Yuken India		
Issue opens	:	8 April 1991
Size of the issue	:	Rs.60 lakh
To Indian public	:	Rs.50 lakh
Instrument	:	Equity shares of Rs.10 each for cash at par.
Promoter	:	M. Varadarajan, M. Parthasarathy and C.P. Rangachar
Project	:	Modernisation and expansion of existing plant.
Plant location	:	Bangalore
Listing	:	Bangalore, Bombay and Ahmedabad

This will enable the company to increase its product range. The company hopes its turnover will double to Rs.14 crore in two years.

TPI India

TPI India Ltd (TPI) is an existing profit making company. The company manufactures hessian/paper bags, low density polyethylene (LDPE) liner bags and film, kraft paper reinforced bags (used for packing milk powder) and white cement.

It is now embarking upon a diversification cum expansion programme at an estimated cost of Rs.3.23 crore. TPI has joined hands with Bulk Lift International of USA, for the manufacture of Flexible Intermediate Bulk containers (FIBC) commonly known as Jumbo containers.

FIBC's are used as packaging material for a wide range of products including petrochemicals, chemicals, cement, food-

TPI India		
Issue opens	:	9 April 1991
Size of the issue	:	Rs.2.39 crore
To Indian public	:	Rs.1.38 crore
Instrument	:	Equity shares of Rs.10 each
Promoter	:	Hasmukh C. Parekh and family
Project	:	To manufacture flexible intermediate bulk containers (FIBC) and poly-coated paper
Cost of project	:	Rs.3.23 crore
Plant location	:	Thane in Maharashtra
Listing	:	Bombay, Ahmedabad Calcutta and Delhi

grains, fertilisers, mineral ores, and rubber.

Hasmukh Parekh, the main promoter of the company has been in the packaging industry for the last 25 years. He is confident of his new project, expected to go on stream in September 1991. Parekh projects a turnover of Rs.18 crore, for the year ending March 1992, expected to increase to Rs.27 crore by March 1993. For the eight months ended November 1990 TPI's turnover was Rs.5.01 crore and net profit was Rs.22 lakh.

Arihant Fabrics

A dividend paying company, Arihant Fabrics touched a turnover of Rs.46.23 crore, for the year ended September 1990, with a net profit of Rs.3.54 crore. Dividend too was stepped up by five points to 25 per cent last year. The company has now embarked upon a large expansion cum modernisation programme costing Rs.63 crore.

The project envisages installation of 24 Sulzer projectile weaving machines, doubling the capacity of the worsted spinning facility to 12,000 spindles, alongwith the installation of a wool combing plant with a capacity of 7,14,000 kg per annum and a 25,000-spindle ring spinning plant.

Arihant Fabrics	
Issue opens	: 2 April 1991
Size of the issue	: Rs.13.50 crore
To Indian public	: Rs.7.2 crore
Instrument	: 14 per cent fully convertible debentures of Rs.200 each
Promoters	: K.L. Jain and associates
Project	: Expansion cum modernisation scheme
Cost of project	: Rs.63 crore
Plant locations	: Matewara, Punjab; Sikandrabad, UP, Solan, HP.
Listing	: Ahmedabad, Bombay, Calcutta, Delhi, Ludhiana.

The fully convertible debentures of Rs.200 each offered by the company to the public will be converted in two parts. In the first part Rs.100 will be converted into five equity shares of Rs.10 each, at a premium of Rs.10, six months after the allotment. The second conversion will be 12 months after the date of allotment on the same terms.

After implementation of these projects Arihant's turnover is projected to go up to Rs.200 crore and gross block to Rs.100 crore.

Meanwhile, the company features on SEBI's list of investors' complaints, as it takes six months to a year to effect routine transfers.

Hindustan Electro-Graphites

Hindustan Electro-Graphites Ltd (HEGL), a leading manufacturer of graphite electrodes is a member of the Delhi-based Bhilwara group.

Promoted jointly by the flagship of the Bhilwara group, Rajasthan Spinning & Weaving Mills (turnover: Rs.86.87 crore for March 1990) along with Pechiney of France, the company is now setting up a coal-based sponge iron plant with an installed capacity of 60,000 TPA at MP in technical collaboration with Sponge Iron India. For the year ended March 1990, HEGL earned Rs.8.53 per share and paid out Rs.2.75 per share as dividend. On a sales turnover of Rs.48.03 crore, the company earned a net profit of Rs.4.47 crore for the period April-September 1990. The share is now quoting at Rs.90 in the stockmarket.

Hindustan Electro-Graphites	
Issue opens	: 9 April 1991
Size of the issue	: Rs.7.69 crore
To Indian public	: Rs.3.56 crore
Instrument	: Fully convertible debentures of Rs.200 each.
Promoter	: Rajasthan Spg & Wvg Mills Ltd & Pechiney, France.
Project	: To set up a sponge iron plant
Cost of project	: Rs.45.80 crore
Plant location	: Borai in district Durg, MP.
Listing	: Delhi, Bombay, Calcutta and Bangalore.

The Rs.46 crore sponge iron project is to be financed by a Rs.32.44 crore rupee loan, a Rs.1.50 crore foreign currency loan from financial institutions and internal accruals of Rs.6.86 crore. To part finance the project, the company is issuing debentures to raise Rs.7.69 crore. Each debenture of face value Rs.200 will be converted into six equity shares at a premium of Rs.30 per share, after six months.

The demand for sponge iron, which is an alternative to scrap for ministeel units, is in excess of indigenous supply. As the HEGL plant is in the proximity of 12 ministeel plants besides a number of steel foundry units, the company does not envisage any major market constraints.

HMG Industries

HMG Industries is a Bombay-based company with three operating divisions — paper (at Taloja, Maharashtra), Frozen Food (at Veraval, Gujarat) and Chemicals (at Tarapur, Maharashtra). For the year ended March 1990 the company's turnover was Rs.22 crore on which it made a net profit of Rs.84 lakh.

The company is going in for modernisation cum expansion of its paper and frozen food divisions. This is expected to increase the capacity of the paper unit from 4,800 tpa to 10,800 tpa. In the frozen food division the capacity will be doubled, by setting up an additional facility of 15,000 tpa.

The above expansion programme will cost a total of Rs.7.73 crore. Of this, Rs.1.28 crore will be financed internally, and Rs.6.45 crore will be obtained through convertible debentures. Of the Rs.7.73 crore, Rs.3.83 crore will be utilized for the modernisation of the paper unit and Rs.3.89 crore will go to the frozen food plant.

With the revamp the company's turnover is expected to touch Rs.37 crore by 1991-92 and Rs.52 crore by 1992-93.

HMG Industries	
Issue opens	: 10 April 1991
Size of Issue	: Rs.6.45 crore
To Indian public	: Rs.3.38 crore
Instrument	: 14 per cent fully convertible debentures of Rs.200 each
Promoter	: HMG group
Project	: Expansion cum modernisation.
Listing	: Bombay and Ahmedabad

XLRI
JAMSHEDPUR

Management Development Programmes

1 EFFECTIVE MARKETING

Date : April 8-13, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Dr Atul Parvatiyar

Key Areas : Analysing the Marketing environment; Marketing Planning; Effective Marketing action tools; Managing Marketing Programmes; Effective Selling approaches; Effective marketing systems; Organising for effective results.

Fees : Individual	Rs. 5,000	Residential
	Rs. 4,200	Non-Residential
Team (per person, three or more attendees)	Rs. 4,500	Residential
	Rs. 3,700	Non-Residential

2 TOTAL PRODUCTIVITY MANAGEMENT

Date : June 24-28, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Prof M V Madan

Key Areas : An Overview of 'Total Productivity Management'; Statistical Industrial Engineering and Operations Research Decision-Making Tools; Factors influencing the Profitability of an Organisation; Identification areas for Productivity Improvement; Understanding Financial Statements; Effective Management.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

3 SERVICES MARKETING

Date : July 8-12, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Dr Mohan L Agrawal

Key Areas : The Designing of Services; The Operational Problems in Services Marketing in India; The Strategies for Services Marketing in a Competitive World; The Creation of Services Marketing Culture.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

4 INDUSTRIAL RELATIONS

Date : July 15-20, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Prof R Ishwar

Key Areas : Industrial Relations – concept and overview; Industrial Relations–a sociological viewpoint; Role of Trade Union in IR; Communication Technology – an HRM aid to IR; Collective Bargaining issues and negotiating techniques; Work Ethics and motivation; Technological changes and IR; Conflict Management; Managing employee grievances; Dismissal and discharge–some legal issues.

Fees : Individual	Rs. 5,000	Residential
	Rs. 4,200	Non-Residential
Team (per person, three or more attendees)	Rs. 4,500	Residential
	Rs. 3,700	Non-Residential

5 HUMAN RESOURCES INFORMATION SYSTEM

Date : July 22-26, 1991 **Venue :** XLRI, Jamshedpur

Programme Directors : Prof P Ray and Prof M A Vanjour

Key Areas : Introduction to Computer Based Information Systems; MIS and Human Resource Information Systems; Objectives of HRIS; Planning and Designing HRIS in Human Resource Planning; Skill Inventories; Recruitment; Training; Performance Appraisal; Succession Planning.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

6 FINANCE FOR NON-FINANCE EXECUTIVES

Date : July 29 – August 2, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Prof Bigyan P Verma

Key Areas : Financial Accounting Policies and Practices; Understanding Financial Statements and their Interpretation; Accounting Window Dressing in India; Cost Analysis for Decision Making and Control; Capital Expenditure and Working Capital Management; Use of Computers in Finance and Accounting.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

7 CREATIVITY, PROBLEM SOLVING & DECISION MAKING

Date : August 5-9, 1991 **Venue :** XLRI, Jamshedpur

Programme Directors : Prof M A Vanjour & Dr T Gangopadhyay

Key Areas : The Kepner-Tregoe approach to problem solving and decision making; The Bayesian approach to decision making; The Monte Carlo Stimulation Technique; Critical path Analysis; Investment decision; Integrated business problems and solutions.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

8 HUMAN RESOURCES DEVELOPMENT

Date : August 12-17, 1991 **Venue :** XLRI, Jamshedpur

Programme Director : Prof Keith C D'Souza

Key Areas : Process, systems and techniques of HRD; Indian experiences; Process skills for HRD facilitation; Implementation strategies.

Fees : Individual	Rs. 4,600	Residential
	Rs. 4,000	Non-Residential
Team (per person, three or more attendees)	Rs. 4,200	Residential
	Rs. 3,600	Non-Residential

For nomination and further information please contact

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Phone : 25231 (3 lines) Fax : 0657-27814, Telex : 626-240 XLRI IN Gram : EXCEL

XLRI 2.91

STOCKMARKETS

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 22.3.91	52 weeks High	52 weeks Low	EPS in Re Year	EPS in Re Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	6.00	11.00	3.00	-4.8			11.0	18.3		
ABB,10	12/89	9.86	8.25	18.37	147.50	165.00	62.50	6.5	3.5	22.7	25.0	1.7		
ACC,100	03/90	55.95	90.70	262.11	2170.00	2475.00	345.50	31.7	95.1	68.5	15.0	0.7	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.56	417.26	530.00	650.00	230.00	36.8	14.0	14.4	16.0	3.0	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	180.00	225.00	105.00	10.9	4.1	16.5	25.0	1.4	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	41.25	82.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	13.50	22.00	10.50	0.3		45.0			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	78.75	135.00	73.00	11.3	5.0	7.0	25.0	3.2		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	15.00	25.00	7.75	-15.4				11.8	87	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	1000.00	1650.00	330.00	185.8	108.4	5.4	20.0	2.0	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	48.50	76.00	38.00	2.2		22.0	10.0	2.1	87	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	10.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	17.00	30.00	12.00	2.6	1.2	6.5	15.0	8.8		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	53.00	92.50	41.50	18.3		2.9	25.0	4.7		
APPLE IND.,10	03/90	5.19	0.81	11.56	36.50	66.25	26.50	8.6		4.2	35.0	9.6		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	126.75	138.75	70.00	5.8	4.3	22.2	31.5	2.4	78	1:2
ASIAN CABLES,10	03/90	5.59	7.32	23.09	33.75	48.00	28.00	5.6	2.4	6.0	14.0	4.1	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	76.00	102.50	55.00	7.4	3.0	10.3	25.0	3.3		
ASIAN PAINTS,10	03/90	12.44	58.50	55.42	260.00	285.00	215.00	15.3	6.2	17.0	45.0	1.7	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	146.25	180.00	112.50	9.2	5.1	15.9	55.0	3.8	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	260.00	365.00	200.00	29.7	14.5	8.8	50.0	1.9		
ASTRA IDL,10	03/90	2.50	2.97	21.88	60.00	75.00	40.00	5.3	2.5	11.3	20.0	3.3		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	80.00	81.00	33.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	155.00	180.00	70.00	7.2	2.4	21.5	15.0	1.0	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	150.00	195.00	106.00	7.3		20.5	35.0	2.3	84	2:5
BAJAJ AUTO,10	03/90	18.81	261.22	148.87	575.00	725.00	372.50	34.6	21.6	16.6	110.0	1.9	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	62.50	80.00	26.00	0.7	3.6	89.3			86	1:1
BAJAJ TEMPO,10	03/90	6.80	42.10	73.79	211.25	280.00	117.50	11.5	9.1	18.4	20.0	0.9	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	62.00	62.50	31.00	3.0	1.8	20.7	18.0	2.9	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	297.50	310.00	125.00	19.9	14.2	14.9	26.0	0.9	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	535.00	1167.25	415.00	132.5	11.4	4.0	25.0	4.7	90	1:2
BASF,10	03/90	4.26	16.88	49.62	135.00	160.00	93.38	12.7	6.9	10.6	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	84.00	105.00	64.00	5.4		15.6	15.0	1.8	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	65.00	67.00	30.00	5.5		11.8	15.0	2.3		
BAYER INDIA,100	03/90	16.22	17.65	208.82	800.00	1075.00	600.00	32.6	24.4	24.4	20.0	2.5	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	47.50	77.50	32.50	1.9	-0.3	25.0	10.0	2.1	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	145.00	153.75	75.00	4.3	6.2	33.7	32.5	2.2		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	205.00	265.00	92.50	4.1	5.9	50.0	30.0	1.5	88	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	39.00	62.00	22.50	2.7	0.1	14.4		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	20.00	51.50	22.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	137.50	142.50	75.00	7.5	5.0	18.3	27.5	2.0	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	49.50	80.00	37.50	3.3	4.6	15.0	50.0	10.1	90	1:2
BIRLA JUTE,10	03/90	20.37	84.17	51.32	185.00	220.00	52.00	2.3	7.7	80.4	18.0	1.0	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	14.50	26.00	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	110.00	135.00	36.00	1.6	5.3	68.8	15.0	1.4	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	67.50	120.00	36.25	13.3	1.5	5.1	20.0	3.0	90	1:2
BOM BURMAH,100	03/90	5.52	19.47	452.72	1050.00	1250.00	610.00	88.2	38.9	11.9	30.0	2.9	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	222.50	227.50	90.50	9.8	7.7	22.7	40.0	1.8	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	65.00	140.00	35.00	18.2	12.0	3.6	20.0	3.1	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	125.00	135.00	92.50	5.6	3.9	22.3	30.0	2.4	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	57.50	69.00	52.50	5.9		9.7	25.0	4.3	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	147.50	162.50	105.00	5.3	2.8	27.8	24.0	1.6	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	145.00	167.50	97.00	6.2		23.4	30.0	2.1	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	82.50	110.00	67.50	3.0	2.3	27.5	15.0	1.8	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	46.00	87.00	31.00	7.9	2.9	5.8	20.0	4.3		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	420.00	525.00	280.00	5.0	-5.6	84.0	15.0	3.6	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	107.00	117.50	62.00	11.0	3.4	9.7	28.0	2.6		
CADBURY,10	03/90	8.40	14.40	27.14	171.25	185.00	140.00	6.3	2.3	27.2	35.0	2.0	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	51.00	95.00	40.00	2.3		22.2			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	15.00	31.00	13.75	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	250.00	270.00	107.81	6.1	8.5	41.0	27.0	1.1	90	3:5
CEAT TYRES,10	06/89	14.76	104.60	80.87	85.00	125.00	70.00	15.2	6.3	5.6	30.0	3.5	86	1:2
CEMINDIA,10	03/90	1.26	8.57	76.95	97.50	120.00	75.00	7.0	2.8	13.9	30.0	3.1	84	3:5
CENTURY ENKA,100	03/90	23.25	219.57	1044.39	2350.00	3964.29	2196.43	140.5	65.0	16.7	62.5	2.7	90	2:5
CENTURY SPIN,100	03/90	26.62	248.83	1034.75	4475.00	4650.00	2510.00	203.0	120.1	22.0	50.0	1.1	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	16.00	34.00	13.50	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	110.00	120.00	86.00	6.7	2.6	16.4	31.5	2.9	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	12.00	1205.00	8.50	1.8	1.2	6.7	18.0	15.0		
CITURGIA,10	03/90	3.38	8.34	34.67	105.00	140.00	85.00	8.8	2.9	11.9	35.0	3.3		
COLGATE,10	12/89	31.44	25.32	18.05	305.00	340.00	180.00	8.0		38.1	42.5	1.4	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	775.00	850.00	605.00	30.0	3.0	25.8	22.0	2.8	80	2:5
COMET STEEL,10	03/90	9.65	4.49	14.65	17.00	31.00	15.50	4.1		4.1	17.0	10.0		
COROM FERT,10	09/89	24.32	24.79	20.19	68.00	80.00	27.00	-2.9	1.5			2.6	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	30.00	45.00	27.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	870.00	1650.00	682.50	80.9	33.6	10.8	18.0	2.1	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	117.50	140.00	81.25	7.8	4.6	15.1	25.0	2.1		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 22.3.91	52 weeks High	52 weeks Low	EPS in Re Year	EPS in Re Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.96	-8.36	42.00	58.75	14.50	4.3	3.2	9.8				
DCM,10	03/89	23.02	37.80	26.42	65.00	110.00	47.00	2.6	-2.2	25.0			71	4:5
DEEPAK FERT,10	03/90	36.68	11.32	13.09	26.50	42.00	24.00	3.2	4.1	8.0	18.0	7.1		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	100.00	140.00	82.00	14.3	8.6	7.0	30.0	3.0	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	57.50	70.00	30.02	10.0	5.1	5.8	25.0	4.3	90	1:2
DR REDDYS,10	03/90	2.08	1.36	16.54	90.00	97.50	48.00	3.1	1.6	29.0	25.0	2.8		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	1950.00	2650.00	412.00	368.5	82.6	5.3	40.0	2.1	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	55.00	85.00	50.00	2.3	2.0	23.9	30.0	5.5	76	1:3
E. MERCK,10	12/89	5.94	6.65	21.20	85.00	95.00	26.00	5.2		16.3	25.0	2.9	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	49.00	64.00	45.00	4.5	0.5	10.9	22.0	4.5	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	41.00	51.25	16.00	3.5	3.4	11.7		10.0		
EID PARRY,10	03/90	6.28	31.42	80.03	77.50	104.00	75.00	8.1	5.5	9.6	25.0	3.2		
ELECON ENG,10	03/90	5.65	27.25	58.23	52.50	82.50	47.50	1.8		29.2	12.0	2.3	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	18.00	32.50	13.00	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	85.50	154.00	56.00	3.3		19.8	25.0	3.8	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	140.00	185.00	80.50	6.6	4.7	21.2	30.0	2.1	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	165.00	191.25	113.75	10.4	6.5	15.9	30.0	1.8	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	32.75	47.00	20.00	2.9	4.6	11.3	30.0	9.2		
EXCEL,10	03/90	4.62	18.89	50.89	330.00	390.00	173.00	20.0	16.2	16.5	50.0	1.5	84	4:5
FAG PRECISION,100	03/90	3.36	8.71	359.23	70.00	140.00	63.75	13.8	8.7	5.1	18.0	25.7		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	47.50	125.00	45.00	15.9		3.0	25.0	52.6	80	1:2
FGP,10	03/90	4.89	7.34	25.01	61.00	75.00	9.00	5.3	2.2	11.5	22.0	3.6	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	157.50	240.00	120.00	16.7	9.3	9.4	45.0	2.9	87	1:1
FINOLEX,10	03/90	3.24	38.26	128.15	220.00	375.00	170.00	28.1	15.6	7.8	50.0	2.3	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	42.00	55.00	19.00	4.8		8.8	26.0	6.2	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	70.00	85.00	29.50	4.3	0.9	16.3	20.0	2.9	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	86.25	85.00	47.50	5.0	1.8	13.2	20.0	3.0	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	212.50	265.00	115.00	14.4		14.8	22.0	1.0	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	41.25	52.50	27.00	6.7	3.0	6.2	20.0	4.8	90	1:5
G.K.W.,10	03/90	24.06	41.04	27.06	38.00	70.00	23.00	6.0	0.5	6.3	15.0	3.9	83	1:3
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	76.25	80.00	22.50	7.2	7.2	10.6	35.0	4.6	72	1:4
GABRIEL,10	03/90	2.64	5.63	31.33	52.50	77.50	42.50	6.6		8.0	18.0	3.4	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	117.50	135.00	62.50	2.8	4.2	42.0	25.0	2.1	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	50.00	62.50	35.00	3.6	2.6	13.9	30.0	6.0		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	37.00	67.00	32.00	3.6	2.0	10.3	15.0	4.1	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	4850.00	4850.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	70.00	70.00	13.50	5.9	1.6	11.9	15.0	2.1		
GEN ELECTRIC,10	03/90	7.20	30.80	52.50	42.00	54.00	31.00	3.8	2.5	11.1	10.0	2.4	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	23.00	41.00	18.00	-47.1			14.7	6.4	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	162.50	180.00	120.00	5.2	10.0	31.2	60.0	3.7	89	1:2
GERMAN REME,10	03/90	6.52	5.61	18.60	137.50	200.00	34.25	13.3	1.8	10.3	20.0	1.5	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	105.00	107.00	82.50	7.7	2.8	13.6	27.0	2.6	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	240.00	260.00	52.50	11.0	21.6	21.8	35.0	1.5	75	1:1
GOETZE,10	03/90	6.93	16.53	33.85	95.00	120.00	80.00	6.7	3.4	14.2	32.0	3.4	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	220.00	240.00	92.50	13.7	11.0	16.1	32.0	1.5	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	67.50	140.00	60.00	8.5	1.8	7.9	20.0	3.0	78	5:7
GOODYEAR,10	12/89	14.96	24.47	26.36	225.00	225.00	40.00	6.5		34.6	40.0	1.8	90	1:1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	16.25	22.50	9.62	0.4	0.3	40.6				
GRASIM,10	03/90	80.20	168.10	37.92	222.50	265.00	107.25	9.2	7.2	24.2	30.0	1.3	88	3:4
GREAVE COTTON,10	03/90	9.86	30.96	41.40	71.25	110.00	60.00	6.6	2.1	10.8	18.0	2.5	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	147.50	147.50	80.25	4.2	3.1	35.1	26.0	1.8	87	1:5
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	130.00	135.00	23.50	7.3	4.8	17.8	25.0	1.9		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	36.00	54.00	34.00	3.4	0.4	10.6	10.0	2.8		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	172.50	260.00	160.00	11.6	8.3	15.3	30.0	1.7	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	205.00	237.50	97.00	10.6	5.6	19.3	75.0	3.7	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	87.50	120.00	80.00	10.0	3.5	8.8	26.0	3.0	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	77.50	86.25	16.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	70.00	128.75	55.00	9.4	4.1	7.4	30.0	4.3		
HIND CIBA,100	03/90	17.71	40.07	326.26	1040.00	1200.80	680.33	92.7	39.5	11.2	30.0	2.9	90	1:2
HIND DEVELOP,10	03/90	32.93	92.56	38.11	92.50	110.00	72.00	3.9	2.4	23.7	20.0	2.2	86	1:1
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	100.00	115.00	52.50	7.3	2.8	13.7	25.0	2.5	89	1:1
HIND FERODO,10	03/90	5.50	1.89	13.44	20.00	40.00	15.00	0.1		200.0	7.5	3.8	83	4:5
HIND LEVER,10	12/89	93.32	135.20	24.49	167.50	168.75	107.00	5.8		28.9	35.0	2.1	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	21.00	54.50	17.00	0.8	0.4	26.2	7.5	3.6	86	1:1
HINDALCO,10	03/90	17.85	200.47	122.31	253.75	355.00	131.25	36.1	19.8	7.0	37.5	1.5	90	3:5
HMM,10	03/90	14.18	93.90	76.22	347.50	400.00	243.75	12.4	5.3	28.0	40.0	1.2	87	1:1
HOECHST,100	03/90	9.58	56.06	685.18	3400.00	3500.00	1340.00	94.5	56.1	36.0	20.0	0.6	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	97.50	140.00	23.75	4.0	1.4	24.4	15.0	1.5		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	17.00	26.00	13.50	0.1	-0.1	170.0				
HOUSING DEV FIN,100	03/90	19.98	64.98	425.23	320.00	475.00	260.00	123.6	82.8	2.6	20.0	6.2		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	14.00	25.00	8.00	1.4	1.2	10.0	15.0	10.7		
I.O.L.,10	03/90	14.60	31.44	31.53	35.00	56.00	31.00	0.2		175.0	10.0	2.9	85	1:3
ICI,10	03/90	40.87	84.19	30.60	40.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	26.00	45.00	25.00	3.9	1.8	6.7				
INDIA CEMENT,10	03/90	4.90	48.96	109.96	135.00	155.00	15.00	5.9	7.0	22.9	15.0	1.1	89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 22.3.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
INDIA GYPSUM,10	03/90	8.98	-4.64	4.83	12.00	22.00	9.50	-2.4	-1.3					
INDIA POLYFIBRES,10	03/90	28.75	2.73	9.08	8.50	22.00	7.00	-0.9	-1.1					
INDIA STEAMSHIP,10	03/90	10.15	-83.17	-52.24	12.00	16.50	8.70	1.8		6.7			75	1:1
INDIAN ALUM,10	03/90	41.50	48.09	21.83	178.75	250.00	120.00	14.1	7.0	12.7	25.0	1.4	77	2:5
INDIAN INVESTMT,100	03/90	9.41	38.71	511.37	525.00	775.00	330.00	44.4	46.0	11.8	14.0	2.7	80	1:4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	102.00	127.50	85.00	7.8	-1.0	13.1	25.0	2.5	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	41.25	88.00	31.25	4.8		8.0	15.0	3.6	85	1:2
INDIAN RAYON,10	03/90	25.40	202.87	89.91	118.50	183.75	88.50	7.8	4.0	15.2	30.0	2.5	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.38	16.11	117.50	185.00	13.50	4.7		25.0	25.0	2.1	89	3:4
INDOGULF FERT,10	03/90	164.92	0.25	10.02	30.00	40.00	15.00	0.1	-0.2	300.0				
INDL NISSAN,10	03/90	14.00	1.21	10.86	15.50	25.50	11.50	0.2	0.5	77.5	8.0	3.9		
INGERSOLL,10	03/90	15.78	34.25	31.70	325.00	380.00	215.00	9.1	5.3	35.7	25.0	0.8	89	1:1
ION EXCHANGE,10	03/90	3.50	11.10	41.71	90.00	90.00	52.50	2.9	0.7	31.0	13.0	1.4	86	4:5
ITATA,10	03/90	12.00	15.79	-3.16	33.00	60.00	21.50	2.9	1.4	11.4				
ITC,10	03/90	68.34	152.27	32.95	135.00	165.00	51.00	7.9	5.7	17.1	37.5	2.8	89	1:1
J.B.CHEMICAL,10	03/90	3.00	8.02	30.07	152.50	207.50	58.00	12.7	17.0	12.0	21.0	1.4		
J.K.INDUSTRIES,10	06/90	14.04	27.86	29.84	75.00	82.50	47.50	11.8		6.4	30.0	4.0	87	1:1
J.K.SYNTHETIC,10	03/90	38.51	129.12	43.53	33.50	79.00	27.00	1.1	-5.7	30.5	20.0	6.0	83	1:3
JAYANT VITAMIN,10	06/90	3.87	5.11	23.20	30.00	44.00	25.00	4.2		7.1	10.0	3.3	87	2:5
KALYANI BRAKES,10	03/90	3.80	-4.84	-2.41	89.00	105.00	33.00	4.0	2.1	22.2				
KALYANI STEEL,10	03/90	4.72	9.05	29.17	285.00	500.00	125.00	19.7	5.7	13.5	75.0	2.8	90	1:1
KELVINATOR,10	06/90	8.40	25.48	40.33	135.00	146.25	80.00	10.8	9.7	12.5	20.0	1.5	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	87.50	132.50	40.00	2.3		38.0	10.0	1.1	79	1:2
KHODAY DIST,10	03/90	9.00	8.88	19.87	29.00	42.50	25.00	5.9	2.8	4.9	12.0	4.1		
KINETIC ENGG,10	03/90	2.88	22.29	87.40	177.50	240.00	131.25	12.3	7.7	14.4	25.0	1.4	89	1:1
KINETIC HONDA,10	06/90	9.90	7.83	17.64	71.00	95.00	33.00	3.4	4.3	20.9				
KIRL CUMMINS,10	03/90	28.40	41.95	25.89	146.25	146.25	74.00	4.4	2.0	33.2	20.0	1.4	86	1:1
KIRL PNEUMATIC,10	03/90	3.85	11.28	38.30	40.00	85.00	35.00	8.7	1.5	6.0	18.0	4.5		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	45.00	87.50	29.50	5.2		8.7	18.0	3.8	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	170.00	215.00	78.25	13.1		13.0	24.0	1.4	90	1:1
KSB PUMPS,10	03/90	8.70	12.25	24.08	200.00	280.00	170.00	7.3	3.1	27.4	20.0	1.0	89	1:1
LAKME,10	03/90	3.15	9.87	40.70	285.00	300.00	108.75	5.6	4.8	47.3	28.0	1.1	89	1:2
LARSEN TOUBRO,10	03/90	98.09	321.18	57.17	112.50	188.25	59.00	6.3	7.2	17.9	25.0	2.2	86	3:5
LIPTON,10	12/89	15.75	22.14	24.05	90.00	98.50	65.00	8.6		13.6	22.0	2.4		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	57.50	100.00	53.75	7.2		8.0	25.0	4.3	89	1:2
LML,10	03/90	21.42	9.07	14.23	28.00	68.00	12.50	0.2	-0.2	140.0			80	4:5
MACNEILL MAGOR,10	03/90	2.74	38.99	155.85	95.00	108.00	90.00	11.9	8.4	8.0	25.0	2.6		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	4100.00	4125.00	500.00	22.5	278.0	182.2				
MADURA COATS,10	03/90	21.96	92.32	52.04	240.00	270.00	108.00	8.4	7.8	28.6	40.0	1.7	90	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	495.00	880.00	230.00	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	980.00	1300.00	385.00	22.7	19.1	38.8	22.0	2.5	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	88.79	88.75	115.00	85.00	8.3	3.3	8.3	25.0	3.6	84	2:3
MAHINDRA NISSAN	03/90	19.26	0.15	10.08	17.00	28.00	9.50	-1.5	-2.5					
MAHINDRA UGINE,10	03/90	11.50	28.98	33.46	80.00	85.00	47.50	4.1		14.6	20.0	3.3	86	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	77.50	82.50	27.00	1.1	1.5	70.5	22.5	2.9		
MANGALORE CHEM,10	03/89	19.87	0.17	10.09	13.00	35.00	11.00	-16.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.80	22.47	27.25	37.00	17.00	8.3		3.3	18.0	6.6		
MATHER PLATT,10	03/90	23.04	9.15	13.97	45.00	45.00	23.00	1.8	0.7	25.0	22.0	4.9	87	3:5
MAX INDIA,10	03/90	2.79	8.17	32.11	70.00	100.00	67.50	5.5	2.0	12.7	30.0	4.3		
MAZDA INDUST,10	11/88	4.32	2.84	16.11	8.50	15.00	5.00	-0.7				14.1		
MCDOWELL,10	03/90	9.39	25.89	35.92	99.00	100.00	62.50	8.9	2.0	7.8	25.0	3.6	86	1:1
MCLEOD RUSSEL,10	03/90	8.25	22.38	45.81	122.00	135.00	88.00	13.9	13.6	8.8	80.0	4.9	89	3:5
METAL BOX,10	03/90	14.88	28.32	7.93	8.50	13.75	8.50	-9.4					87	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	75.00	110.00	50.00	4.4	1.4	17.0	20.0	2.7	89	1:1
MILKFOOD,10	03/90	1.14	4.49	49.39	115.00	230.00	115.00	23.0		5.0	30.0	2.6	87	1:1
MODI INDUSTRIES,10	03/90	3.30	23.85	81.67	20.00	30.00	15.50	-52.6	-1.8			3.2	89	1:5
MODI RUBBER,10	03/90	10.38	52.50	90.56	51.25	95.00	47.00	6.9	3.8	8.9	25.0	4.1	84	2:5
MODI-XEROX,10	03/90	19.46	8.50	13.34	73.75	104.00	60.00	3.1	0.5	23.8	16.0	2.2		
MOTOR INDUST,100	12/89	38.05	67.85	278.32	830.00	1300.00	700.00	38.4	19.4	21.6	14.0	1.7	86	1:1
MRF,10	03/90	3.86	56.04	152.59	385.00	400.00	185.00	32.4	19.2	11.9	60.0	1.6	75	1:2
MUKAND IRON,10	03/90	14.14	92.60	72.82	187.50	242.50	129.00	11.4	5.7	16.4	30.0	1.6	88	1:2
MYSORE CEMENT,10	03/90	19.23	97.87	60.89	46.00	52.50	11.00	-3.9	1.2	17.3		9.2	85	2:5
NAGARFERRO,10	03/90	2.43	4.87	30.04	16.00	24.00	13.00	7.1	3.2	2.3	25.0	15.6		
NATIONAL PEROXIDE,100	03/90	2.70	7.18	412.17	750.00	1200.00	525.00	19.1	-80.4		6.0	0.8		
NATIONAL PACK,100	03/90	5.38	3.75	153.72	140.00	700.00	270.00	14.0		24.3				
NESTLE,10	12/89	38.82	5.70	11.58	187.50	158.75	104.50	3.9		37.8	30.0	2.0	89	3:5
NIPPON,10	03/90	15.75	20.74	5.36	22.50	37.00	14.00	11.8	-5.8				82	1:2
NOCIL,10	03/90	16.20	109.85	405.74	1180.00	1950.00	925.00	117.3	37.9	10.1	40.0	3.4	88	1:2
ORIENT CEMENT,10	03/90	5.40	47.44	97.85	162.50	195.00	32.00	2.5	0.5	65.0	20.0	1.2	87	1:1
ORKAY,10	03/90	58.29	51.85	17.79	28.25	41.00	15.00	0.2	0.5	141.2		17.5		
ORKLA,10	06/90	38.72	61.41	18.44	41.50	72.50	32.00	2.8	2.1	14.8	50.0	12.0	87	3:5
OSWAL,10	03/90	14.30	5.16	6.38	22.00	35.00	11.50	-2.5		30.2				
PAGE INDUSTRIES,10	03/90	5.37	28.34	47.85	200.00	280.00	110.00	7.5	3.5	26.7	25.0	1.2	82	1:1
PARKE DAVIS,10	03/90	7.50	4.08	15.40	72.00	712.50	70.00	9.7	4.2	10.5	25.0	4.9	90	3:5
PENTAL,10	03/90	23.32	46.09	22.89	72.50	77.00	25.50	2.6	2.9	36.2	10.0	1.4	82	1:5
PFIZER,10	03/90	11.72	10.91	24.43	73.75	108.25	60.00	2.3	1.8	32.1	28.0	2.7	77	4:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 22.3.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM,10	03/90	6.00	17.30	38.83	72.50	160.00	65.00	11.5	4.1	6.3	25.0	3.4	90	1:2
POLYOLEFINS,100	03/90	19.30	56.49	392.89	1100.00	1450.00	850.00	94.0	33.8	11.7	35.0	3.2	88	1:2
PONDS,10	12/89	6.68	18.78	38.11	182.50	197.00	128.73	9.1		20.1	37.5	2.1	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	43.00	79.00	32.00	7.5		5.7	30.0	7.0	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	250.00	340.00	195.00	6.7	5.3	37.3	30.0	1.2	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	15.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	90.00	120.00	85.00	1.9	3.3	47.4	10.0	1.1	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	137.50	137.50	92.50	8.4	6.6	16.4	27.5	2.0	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	140.00	140.00	75.00	8.1	7.2	17.3	20.0	1.4	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	255.00	265.00	185.00	9.5	4.8	26.8	40.0	1.6	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	13.00	22.00	12.50	0.9	0.7	14.4				
RELIANCE PETRO	03/89	86.47	0.48	10.05	37.00	56.50	20.50	0.6		61.7	18.0	4.9		
RELIANCE,10	03/90	152.11	958.12	72.99	122.50	234.00	51.50	5.9	5.5	20.8	30.0	2.4	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	40.00	50.00	35.00	3.3	1.8	12.1	20.0	5.0	86	1:2
REVATHI C.P,10	03/90	1.80	4.29	36.81	80.00	100.00	67.50	5.8		13.8	20.0	2.5	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	101.25	118.75	63.75	9.8	3.1	10.3	15.0	1.5		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	57.50	75.00	37.50	2.2	1.9	26.1	12.0	2.1	80	1:3
ROSS MURAR FIN,10	06/90	4.84	13.17	38.38	25.00	32.50	14.50	10.4	1.5	2.4	20.0	8.0		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1500.00	2950.00	1150.00	202.0	63.9	7.4	45.0	3.0	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	20.00	45.00	18.00	-8.4	-2.7	3.5		7.8	86	1:3
SANDOZ,10	12/89	5.30	24.66	58.57	107.50	136.74	80.00	11.2		9.6	18.0	1.7	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	1360.00	1425.00	610.00	43.9		31.0	25.0	1.8	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	9.50	14.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	133.75	155.00	110.00	5.3	4.9	25.2	20.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	192.50	195.00	76.00	6.7	9.5	28.7	18.0	0.9	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	110.00	118.00	69.00	12.7	6.3	8.7	42.5	3.9	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	125.00	142.50	101.00	4.4	4.0	28.4	30.0	2.4	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	115.00	140.00	42.50	0.4	-3.4	287.5				
SIPTA COATED,10	03/90	17.59	12.40	17.05	16.00	30.00	14.00	1.4		11.4	15.0	9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2375.00	2500.00	1280.00	84.0	50.7	28.3	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.80	96.06	48.00	75.00	34.00	6.8	1.3	7.1	16.0	3.3	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	55.00	75.00	45.00	6.8	3.8	8.1	18.0	3.3	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	193.75	250.00	97.50	10.4	5.2	18.6	25.0	1.3	89	1:2
SRF,10	09/89	10.33	22.69	31.97	36.25	65.00	14.00	4.2		8.6	18.0	5.0	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	67.50	120.00	51.25	1.2	1.9	56.2	20.0	3.0	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	11.50	26.00	10.75	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	136.25	152.50	74.00	7.2	4.4	18.9	30.0	2.2	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	42.00	64.00	37.00	14.2	5.2	3.0	25.0	6.0		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	38.00	380.00	37.00	0.1	1.1	380.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	137.50	137.50	70.00	9.3	2.6	14.8	27.5	2.0	86	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	80.00	73.00	30.00	15.3		3.9	30.0	5.0	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	250.00	275.00	154.69	20.3	9.7	12.3	45.0	1.8	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	41.00	90.00	35.00	4.6	1.3	8.9	17.5	4.3		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	47.50	79.00	38.75	4.3	2.7	11.0	25.0	5.3		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	70.00	117.00	60.00	5.5	2.2	12.7	30.0	4.3	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	172.50	252.50	113.00	9.9	5.1	17.4	30.0	1.7	82	2:5
TATA OIL,10	03/90	8.11	25.19	41.06	72.50	150.00	36.80	16.5	2.9	4.4	20.0	2.8	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1180.00	1750.00	820.00	56.9	28.0	20.4	20.0	1.7	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	47.50	75.00	32.50	-3.6		10.9	10.0	2.1		
TATA STEEL,10	03/90	229.43	1103.11	58.08	158.75	230.00	104.75	6.5	3.3	24.4	30.0	1.9	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	345.00	450.00	176.00	24.3	16.3	14.2	60.0	1.7	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	155.00	200.00	70.00	11.8	4.3	13.1	30.0	1.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	56.00	84.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	40.00	47.50	27.50	2.5	-4.3	16.0	15.0	3.8		
TUBE INVESTMENT,10	03/90	6.71	28.82	52.85	72.50	95.00	65.00	6.7	3.1	10.8	24.0	3.3	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	13.25	17.00	9.00	1.1	-0.8	12.0		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.82	13.00	28.00	11.00	1.3		10.0				
TWENT CENT,10	03/90	8.88	12.44	24.01	34.00	52.00	21.50	4.5		7.6	22.0	6.5	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	53.00	76.25	37.00	8.1		6.5	20.0	3.8	86	1:1
UNION CARBIDE,10	03/90	32.58	29.86	19.17	38.00	45.50	22.25	4.1		16.8	12.0	3.2	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	76.25	110.00	6.50	1.8	2.8	42.4	10.0	1.3		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	18.00	27.00	16.00	4.3	-0.8	4.2	20.0	11.1		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	137.50	195.00	111.25	15.7	5.7	8.8	35.0	2.5		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	190.00	530.00	110.00	66.2	37.0	2.9	40.0	2.1		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	72.50	135.00	60.00	8.0	1.4	9.1	22.5	3.1		
VOLTAS,100	03/90	19.85	81.98	412.24	122.50	140.00	88.00	9.2	5.8	13.3	24.0	19.6	89	1:2
VST INDUSTRIES,10	03/90	9.85	16.71	27.32	95.00	115.00	45.00	6.1	9.1	15.6	30.0	3.2	86	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	23.50	32.50	16.25	11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	150.00	180.00	81.25	20.9	18.3	7.2	70.0	4.7	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	22.50	44.00	18.50	2.9	0.7				70	1:5
ZF STEERING,10	03/90	2.25	1.02	14.53	47.50	80.00	37.50	2.0	1.1	23.8	12.5	2.6		
ZENITH,10	03/90	9.15	11.26	2.24	29.00	58.00	28.00	28.4	11.9	9.2	30.0	10.3	81	1:4
ZUARI,10	03/90	12.43	57.09	55.93	86.25	95.00	55.00	4.7	4.2	14.1	30.0	4.5		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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Fax : (02764) 2385

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DEPOSITS

Company fixed deposits (current for April 1991)

Name of the company	Minimum amount	Rate of interest % 1 year	2 years	3 years
ACC	3000	11.5	12.5	14.00
AEGIS CHEMICALS	2000	14.00	14.00	14.00
ASHOK LEYLAND	2000	-	13.75	14.00
AMFORGE INDIA	3000	13.00	14.00	14.00
ALL SEASONS	3000	-	13.00	14.00
ARLABS LTD	2000	14.00	14.00	14.00
ARVIND MILLS LTD	2000	13.00	13.50	14.00
ACCROW INDIA	2000	13.00	13.50	14.00
BAJAJ HIND	1000	-	13.00	14.00
BLUE BLENDS	3000	-	13.00	14.00
BOROSIL GLASS	3000	-	13.00	14.00
BOMBAY DYEING	3000	9.50	13.00	14.00
BSES	5000	2.00	13.00	14.00
BROOKE BOND	5000	-	-	14.00
BHARAT GEARS	2000	14.00	14.00	14.00
BLUE STAR	3000	11.00	13.00	14.00
BAJAJ ELECTRICALS	4000	11.00	12.00	14.00
BHARAT BIJLEE	3000	14.00	14.00	14.00
BAHELITE HYLAM	2000	13.00	13.50	14.00
BAJAJ PLASTICS	2000	14.00	14.00	14.00
20TH CENTURY	1000	13.00	13.50	14.00
CEAT TYRES	3000	-	12.50	14.00
CAMPHOR ALLIED	2500	13.50	13.50	14.00
COLOURCHEM	3000	10.50	13.00	14.00
COSMO FILMS	3000	14.00	14.00	14.00
C.P. TOOLS	4000	12.00	13.00	14.00
DCW LTD	3000	12.50	13.50	14.00
DUPHAV INTER	1000	14.00	14.00	14.00
ESSAR SHIPPING	3000	-	13.00	14.00
ESCORTS	5000	12.00	13.00	14.00
FGP	3000	12.00	13.00	14.00
GUJ FILAMENTS	1000	14.00	14.00	14.00
GUJ AMBUJA CEM	3000	-	13.50	14.00
GRINDWELL NORTON	2000	14.00	14.00	14.00
GOOD YEAR	5000	14.00	14.00	14.00
HIND ALLOYS	3000	13.00	13.50	14.00
HMT	2000	10.50	11.50	13.00
INDIA CEMENTS	3000	13.00	14.00	14.00
INDIAN PLYWOOD	1000	13.50	14.00	14.00
INCAB	2000	13.00	13.50	14.00
IVP	3000	-	14.00	14.00
INTEGRATED FIN	1000	-	14.00	14.00
INDIAN ALUM.	3000	-	-	14.00
ICI	4000	-	-	14.00
JKSYNTHETICS	3000	14.00	14.00	14.00
JB CHEMICALS	1000	14.00	14.00	14.00
J.L. MORRISON	2000	13.00	14.00	-
KREST LEAS.	3000	-	14.00	14.00
KINETIC ENGG	3000	-	13.00	14.00
KELVINATOR	2000	12.50	13.50	14.00
KIRLOSKAR PNEU.	3000	13.00	13.50	14.00
KIRLOSKAR COM.	3000	12.00	13.00	14.00
KLOCKER WINDSOR	1000	13.50	14.00	14.00
L&T	3000	11.00	12.50	14.00
LLOYDS STEEL	3000	-	14.00	14.00
MUKAND	3000	11.00	12.50	14.00
MAHIN &MAHIN	2000	11.00	13.00	14.00
MODI XEROX	2000	13.50	14.00	14.00
MCLEOD RUSSEL	4000	-	13.00	14.00
MYSORE PETRO	1000	13.00	13.50	14.00
MCDOWEL	3000	14.00	14.00	14.00
MRF	1000	12.50	13.50	14.00
NAGARJUNA STEEL	2000	14.00	14.00	14.00
NAGARJUNA FIN	2000	14.00	14.00	14.00
NELCO LTD	2000	-	-	14.00
NATIONAL RAYON	2000	14.00	14.00	14.00
NOCIL	5000	14.00	14.00	14.00
POLYCHEM	2000	13.00	13.50	14.00
PHILIPS CARBON	1000	13.00	13.50	14.00
PRAKASH PIPES	2000	14.00	14.00	14.00
PREMIER AUTO	1000	13.00	14.00	14.00
PUDUMJEE PULP	3000	12.50	13.00	14.00
PUNJAB BREWERIES	2000	-	13.50	14.00
PHOTOPHONE IND.	2000	13.00	13.50	14.00
RANBAXY	5000	13.00	14.00	14.00
RELIANCE	5000	-	-	14.00
REVATHI C.P.	1000	13.00	13.50	14.00
RAYMOND WOOLEN	2500	14.00	14.00	14.00
SAE	3000	13.50	14.00	14.00
SOUTH INDIA VIS	3000	14.00	14.00	14.00
SESA GOA	2000	13.00	13.50	13.00
SHAW WALLACE	3000	-	13.00	14.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
SUPREME IND	3000	13.50	14.00	14.00
STEELAGE INDIA	3000	-	-	14.00
SHREE SYNTHETICS	2000	12.50	13.50	14.00
SKF BEARINGS	5000	14.00	14.00	14.00
TCI	2000	14.00	14.00	14.00
THAPAR AGRO	1000	14.00	14.00	14.00
TATA CHEMICALS	1000	-	-	14.00
TELCO	3000	11.50	12.50	13.50
UNITED CARBON	2000	-	14.00	14.00
UNICHEM LTD	1000	11.50	12.50	14.00
V.B.DESAI FIN	2000	14.00	14.00	14.00
VIP INDUS	2000	14.00	14.00	14.00
V.M. JOG	2000	13.00	13.50	14.00
WESTERN INDIA	2000	14.00	14.00	14.00
WS INDUS	2000	13.50	14.00	14.00
WIPRO LTD	4000	14.00	14.00	14.00
ZUARI AGRO	2000	12.50	13.00	14.00

Cumulative deposit scheme (current for April 1991)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
ASHOK LEYLAND	2000	3025	3	14.63
AMFORGE INDIA	3000	4533	3	14.59
ASIAN PAINTS	5000	7504	3	14.34
ACCROW INDIA	2000	3036	3	14.77
BEST & CROMPTON	3000	4554	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BURROUGHS WEL	3000	4555	3	14.94
BLUE BLENDS	3000	4533	3	14.93
BAJAJ AUTO	5000	7505	3	14.49
BENETT COLEMAN	3000	4533	3	14.93
BROOKEBOND IND	5000	7505	3	14.60
BHADRACHALAM P.	3000	4554	3	14.79
BLUE STAR	3000	4530	3	14.72
20TH CENTURY	1000	1516	3	14.93
CAPRIHANS	3000	4553	3	14.94
DCW LTD	3000	4533	3	14.93
DUNLOP	3000	4533	3	14.93
DUNCANS AGRO	2000	3036	3	14.93
EMPIRE FIN	1000	1522	3	15.04
ESCORTS	3000	4500	3	14.90
ESSAR SHIPPING	3000	4533	3	14.75
ENNORE FOUNDRIES	2000	3025	3	14.72
FIRST LEASING	1000	1518	3	14.93
GAMMON IND	3000	4555	3	14.75
GUJARAT FIL	1000	1512	3	14.74
GTC IND	3000	4533	3	14.93
GKW	2000	3036	3	14.77
GUJ PROPACK	2000	3022	3	14.34
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.93
HIND RECT	3000	4566	3	14.94
HARRISON MALY.	3000	4533	3	14.59
HCL	5000	7590	3	14.77
IVP	5000	7555	3	14.75
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
ICI LTD	4000	6044	3	14.59
JAYANT VITAMINS	3000	4503	3	14.90
J.K. SYNTHETICS	3000	4500	3	14.47
J.K. INDUSTRIES	2000	3022	3	14.90
KANORIA CHEM	3000	4533	3	14.93
KOTHARI SUGARS	1000	1518	3	14.93
KREST DEVELOP.	1000	1518	3	14.93
KIRLOSKAR INV	2000	3036	3	14.94
LUPIN LABS	4000	6072	3	14.93
L&T	3000	4468	3	14.20
MGF (INDIA)	2000	3036	3	14.93
MODI XEROX	2000	3036	3	14.93
MCLEOD RUSS	4000	6044	3	14.74
MODERN THREADS	2000	3036	3	14.93
MODERN SYNTEX	1000	1511	3	14.74
NAGARJUNJA STEEL	2000	3036	3	14.93
NAGARJUNJA FIL	2000	3036	3	14.94
NAMDANG TEA	4000	6044	3	14.74
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4554	3	14.94
PREMIER CONST.	3000	4533	3	14.93
POYSHA IND	4000	6072	3	13.39
RANBAXY	5000	7555	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
RELIANCE	5000	7550	3	14.75
REGENCY CERAMICS	3000	4533	3	14.75
SAKTHI FINANCE	5000	1518	3	15.03
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
STRAW PRODUCTS	3000	4533	3	14.75
SESA GOA	3000	4553	3	14.94
SHOPPERS INV.	1000	1522	3	15.04
SAE	3000	4555	3	14.94
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
UPCOM CABLES	3000	4533	3	14.75
UNIPLAS	3000	4555	3	14.78
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4553	3	14.94
VARELI TEXT	1000	4535	3	14.75
VIP IND	2000	3022	3	14.90
WESTERN HATCHER	2000	3036	3	14.93
WESTERN INDIA	1000	1518	3	14.93
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.91

Note: The above list is a selection of companies which accept deposits from their shareholders or from the public. Public limited companies offer lower rates than many sound private limited companies or partnership firms. Readers are advised to take suitable professional advice.

Gamble pays off for 23

As the market was closed on 25 January, we took the previous working day's prices to compute the results for this Investor Contest (IC337). We have 23 winners.

Scrips	Prices as on Friday 25 January 1991 (Rs.)	Prices as on Friday 22 February 1991 (Rs.)	Ranks
Asian Paints	222.50	257.50	5
Brooke Bond	125.00	136.00	6
Excel	222.50	280.00	2
Hindalco	227.50	265.00	4
Reliance	91.25	145.00	1
Tata Tea	275.00	335.00	3

Given below is a new list of six scrips, and their closing prices on 25 March, 1991. Pick the share that you think will rise the most in percentage terms by 22 April, 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 22 April, 1991. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 18 April, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Monday 25 March, 1991 (Rs.)	Rank as on Monday 22 April, 1991 (please fill in number)
Brooke Bond	142.50	
Bajaj Hindustan	900.00	
TELCO	175.00	
Escorts	138.75	
Garware Polyester	54.00	
Hindustan Alloys	57.50	

Name: _____

_____

Address: _____

_____

_____

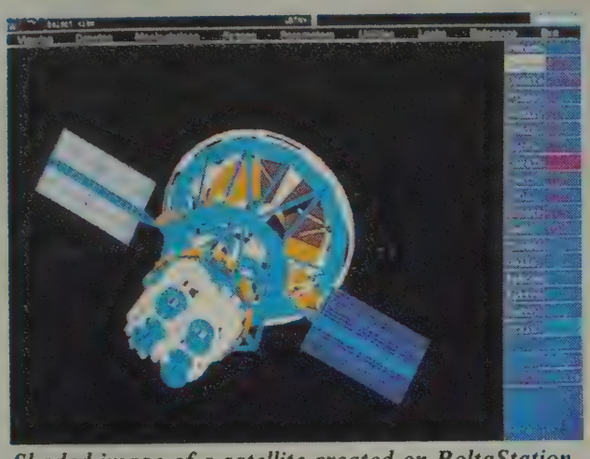
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Profession: _____

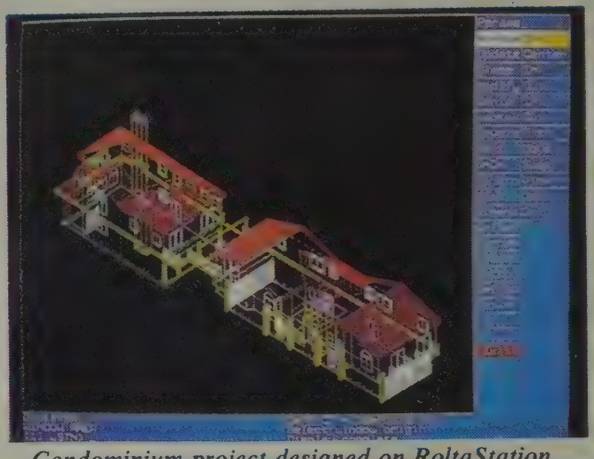
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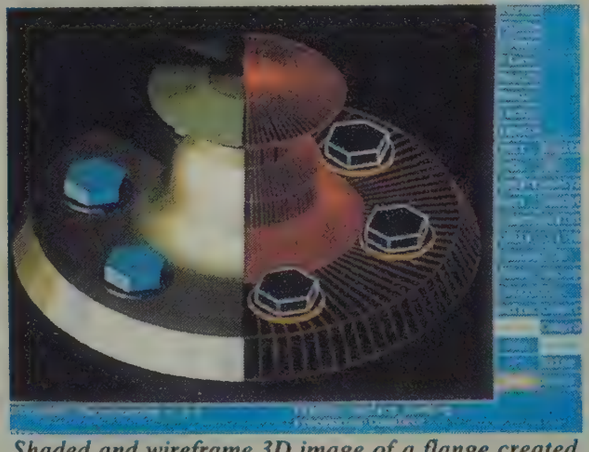
WHEN IT COMES TO POWERFUL YET COST EFFECTIVE CAD/CAM SOLUTIONS WITH A GUARANTEED GROWTH PATH NONE CAN MATCH ROLTASTATION 386/486



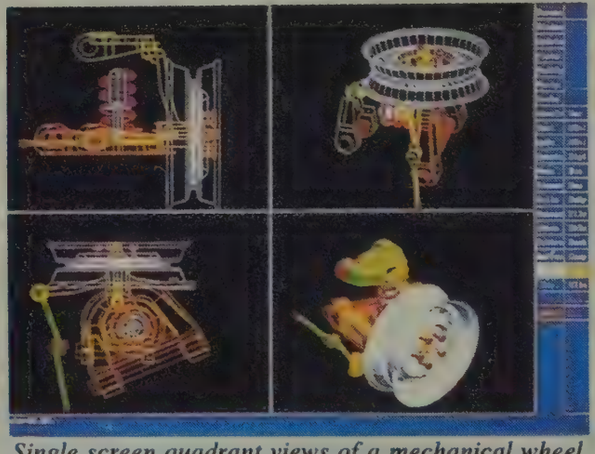
Shaded image of a satellite created on RoltaStation.



Condominium project designed on RoltaStation.



Shaded and wireframe 3D image of a flange created on RoltaStation.



Single screen quadrant views of a mechanical wheel on RoltaStation.

Rolta presents RoltaStation 386 and RoltaStation 486 - powerful yet cost effective entry level solutions for CAD/CAM applications.

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Yes, RoltaStation 386/486, together with MicroStation — the world class 2D/3D CADD package from Bentley Systems Inc., an affiliate of Intergraph Corporation, USA — provides the right answers at an affordable price.

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	RS386J	RS386S	RS386P	RS486
CPU	80386	80386	80386	80486
COPROCESSOR	80387	80387	80387	IN BUILT
CLOCK	16 MHz	25 MHz	33 MHz	25/33 MHz
SYSTEM BUS	ISA	ISA	ISA	EISA
MEMORY BUS	16 bit	32 bit	32 bit	32 bit
MINIMUM MEMORY	2 MB	4 MB	4 MB	4 MB
CACHE	—	OPTION	64 KB	128 KB
STANDARD DISK	40 MB	80 MB	80 MB	80 MB
FDD	1.2/1.44MB	1.2/1.44MB	1.2/1.44MB	1.2/1.44MB
MONITOR				
-Size	14"	14"	14"	14"
- Resolution	640x480	1024x768	1024x768	1024x768
- Colors	16	256	256	256
- Dual Screen	Yes	Yes	Yes	Yes
OPERATING SYSTEM	MSDOS	MSDOS	MSDOS	MSDOS
CADD SOFTWARE	Micro-Station	Micro-Station	Micro-Station	Micro-Station

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IT PAYS TO GO WITH A TECHNOLOGY LEADER

PRESSMAN

A complex tapestry



THE PAINFUL TRANSITION: BOURGEOIS DEMOCRACY IN INDIA
By Achin Vanaik
Verso, distributed by Strand Book Stall, Bombay, pp 302, Rs.320

Contemporary India observers face the perplexing challenge of analysing the telescopic changes taking place in a subcontinent, marked particularly by the absence of any surgical intervention for change. Despite subaltern searches for micro-revolutionary models and incipient disaffection among religious, linguistic and ethnic minorities, there have been no dominant, sweeping Indian peasant, mercantilist, communist or conservative revolutions or reactions.

In his laconic elucidation of "nature-of-the-state" postulates, Vanaik indicates his work's grounding within the parameters of Marxist analyses and debate. But this also imposes a certain structural binding, for the task of weaving together contradictory and fragmentary evidence bears twin dangers: the threads can be lost in a confusing tapestry, or the highlighted reliefs may produce too simple a pattern.

His critique of inherent weaknesses, in what he describes as India's search for regional hegemony, is made contingent on South Asia's relative independence from the principal theatres of imperialism — such as Central America — and the absence of a post-revolutionary condition in the subcontinent. (The 11-year old Afghan civil war, however, has been overlooked.)

However, it is India's internal transition that constitutes the central arch of Vanaik's book. His command over frontier explorations in theories of nationalism and definitions of what groups make the ruling classes and why, provides for a deft interplay of theory and facts which the cognoscenti are well-placed to appreciate. It is likely that general readers may find themselves stranded more than once among the criss-cross tracks in the author's marshalling yard, a junction necessary for his ambitious enterprise — to synthesise diverse politico-economic elements with accompanying analyses of the roles of bourgeois democractic parties, electoral patterns, communalism and Hindu nationalism, "agencies of change" on the left, Indian non-alignment and even the quest for nuclear power.

Broad canvas

Vanaik says his book "establish(es) a case against defining India as a semi-colonial country, for defining it as a nation state and a bourgeois democracy, and against any notion that it is subordinated to that mythical creature, Soviet Social Imperialism." Though it is difficult to categorically define Vanaik's portrait of the country because of its broad canvas, he seems to point towards an uneasy tripartite ruling alliance between the economically powerful but politically weak industrial bourgeoisie, agrarian interests whose political strength outstrips their economic clout, and a hold-all *nomenklatura*, or the ubiquitous Indian class of *babus*.

According to the author, four important bourgeois democratic strands are emerging from this trinity: the continuation of plebiscitary politics; the growth of Hindu nationalism; growing federalism and decentralisation of power; and, a more 'authoritarian' democracy.

Vanaik can arguably be critqued on two key components of the Indian problematic which appear to have been disregarded. For one, he repeatedly warns against the danger of exaggerating capitalism as an instrument of progressive social change. However, he then succumbs to what the Soviet expert, V.I. Pavlov, called the methodological defect of treating the capitalist sector as a separate, self-developing entity of productive relations, capable of transforming pre-capitalist sectors and, with them, the country's whole socio-economic structure.

In depicting India as a democratic nation-in-the-making, Vanaik could have inquired if retarded 'manufactory' variants of industrialisation and allied political changes are not blocking the path to capitalism, instead of clearing the medieval cobwebs still found in many corners of the country.

Powerful obstacle

Secondly, the absence of a social purge in the Indian countryside and diluted reformist rhetoric spouted by the ruling elite has allowed entrenched agrarian interests to form a powerful obstacle to socio-economic modernisation, affecting millions of landless and marginal sharecroppers who still make up a majority of the Indian population.

In his search for the underpinnings of the bourgeois democratic state, Vanaik has perhaps neglected the startling fact that three-fourths of Indian food production never reaches markets and eight of ten villagers still take credit from moneylenders. Traditional forms of diverting agrarian surplus persist in large parts of the country where productivity has not yet registered any significant increases, and, as analysts have earlier pointed out, Indian agriculture remains what it was in the times of Akbar and Curzon — a gamble on the rains.

Conditions such as the palpable failure of attempts to commercialise agricultural relations, a weakening of landed interests and a prevention of their coalition with the urban bourgeoisie against peasants and workers, militate against sweeping democratic postulates for India.

If Vanaik had turned his critical attention to these structural constraints in the democratic path, his analysis of the expressions of disparate phenomena like the peculiar pursuit of power by the Jat community, the urge to redefine Nehruvian notions of nationalism and secularism by the Bharatiya Janata Party (BJP), and the craving among urban elite groups for market-oriented liberalisation, may have been woven together even tighter in an otherwise meticulous contribution. ■

RAJIV TIWARI

The reviewer is the India bureau chief of the Inter Press Service

Telling it like it is



GLOBAL WARMING: THE GREENPEACE REPORT
Edited by Jeremy Leggett
Oxford University Press 1990,
pp.554, Rs.150

The eighties saw five of the 'hottest' years of this century. There were droughts, floods, freak storms and a steady escalation of public concern. The issue of global warming came into focus at Toronto in 1988 at a conference hosted by the Canadian government and a consensus statement then spoke of effects 'second only to global nuclear war'. The UN General Assembly set up a body, Intergovernmental Panel on Climate Change (IPCC), to advise world leaders on the seriousness of global climate change.

Between 1988 and now, most governments delayed their policy decisions on emmission controls until the IPCC report. Now that it has come out, Greenpeace, the famed body of environmentalists, is sorely disappointed at the toning down and equivocation (the report does not even refer to global warming, but merely to 'potential climate change') and the lopsided suggestions. As a redressal, Greenpeace has come out with a 554-page book, which the editor, Jeremy Leggett, describes as a shadow document, and which concentrates on what should be done.

The real picture

The Greenpeace Report is a compilation of chapters written by twenty of the most eminent climate scientists and energy analysts of the world from the US, the UK, Brazil and India. "The book says what IPCC — in order to be consonant with the warnings of its own scientists' working group — should have said about how we must respond to the greenhouse threat."

There are three sections. The first one is on the science of climate change — the why of the upsurge in global warming. The second spells out some of the dreadful consequences of this warming: Holland, the Maldives, and the Bahamas could disappear with rising seas, crop failures and mass starvation become commonplace and, with ozone layer depletion, skin cancer could aggravate.

The third section, forming the bulk of the book, says what we can do about it. There are simple, ameliorating measures such as investment in renewable forms of energy and wholesale energy efficiency. They are, the book warns, unpalatable to the corporate giants who look for profits, or politicians who think only in terms of the five years they would be in office. Here, Greenpeace debunks notions such as unworkable costs of getting away from fossil fuels like coal and oil.

A remarkable chapter details how Sweden will use the options of energy efficiency and expanded role of renewables at a lower cost than in a 'business as usual' scenario. There is a chapter analysing nuclear power, another on recent commercial performance of renewable energy in the US as an index of future prospects. Kilaparti Ramakrishna, an expert in international environmental law, covers policy response in Third World countries.

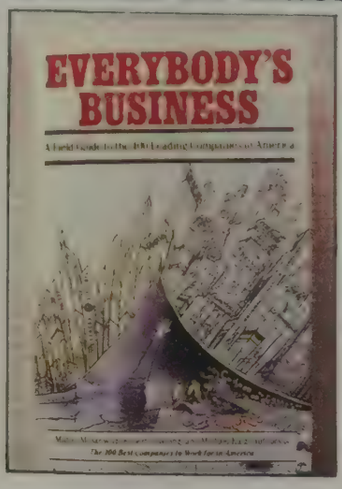
Improving quality of life

When the worst efforts of the global warming unfold, all of today's decision makers will be dead and gone. Twenty experts' views have been put together in this book in the hope that we do not mortgage the future of our children and so that our planet may not join those that are devoid of life. The contribution of this book is to argue convincingly that responses to this threat "need not involve dramatic cuts in standards of living... (but) improving quality of living for all."

"The uniquely frustrating thing about global warming... is that the solutions are obvious. But there is no denying that enacting them will require paradigm shifts in human behaviour, particularly in the field of cooperation between nation states — which have literally no precedents in human history. That is the challenge for the nineties," concludes this positive book's editor Jeremy Leggett.

■ ARUN BHATIA

Touch of class



EVERYBODY'S BUSINESS
Edited by Milton Moskowitz, Robert Levering, and Michael Katz Doubleday, 1990 Distributed by Book Channel, pp. 732, Rs.416.25

A compilation of facts and figures about the 400 largest companies in America, *Everybody's Business* concentrates on the big ones for their sheer influence on American life. Not only do their products dominate markets, 20 million Americans depend upon them for their pay cheques. A common link perceived in the profiles of these companies is the changes they have undergone over the last decade — changes in ownership, product profiles, company names, salaries of top executives...

The companies have been subdivided under 73 different industry heads. While obvious background information and financial indicators have been meticulously detailed, the companies have also been judged on their workplace practices and labour relations and their track records in the sphere of social responsibility.

Tibits give the book a delightful touch. This does not group it with other corporate jargon-filled statistical treatises. For instance, Leo Burnett gifts 500,000 apples a year — every reception area of the advertising giant all over the world has a bowl of apples free for the taking. The Boeing plant at Everett, Seattle, is the world's largest enclosed space. It is taller than a 11-storey building, is half a mile wide, as long as 40 football fields and supervisors need to use binoculars!

Rarely does one come across a book, packed with entertainment reading, that also serves as a good reference guide. *Everybody's Business* belongs to this rare class.

■ RAJU BIST

Ensuring quick relief

Back in 1983, the Bunder branch, Mangalore, of the Indian Overseas Bank impounded a personal amount legitimately belonging to a widow. The bank's justification was that her late husband owed it money. The widow sued and after long litigation, the court ordered the bank to pay her the amount.

The bank refused to pay up on the plea that it proposed to challenge the ruling in the high court. The widow had to obtain a court order for the attachment of bank property to recover the amount. Appropriately enough, the court ordered attachment of the branch manager's chair and typewriter as symbolic of the abuse of authority. Only after the seat got too hot for the branch manager did money come the widow's way!

This case is a classic example of how a consumer is put to inconvenience due to the absence of a special forum for redressal. However, this situation is now changing. This is attributable partly to the setting up of consumer redressal bodies nationwide, under the pathbreaking Consumer Protection Act (COPRA) 1986. Though criticised initially by consumer groups which said that it lacked teeth, the Act has in recent times proved to be surprisingly effective. Says M.R. Pai, of the All-India Bank Depositors Association, "The consumer courts do hand out quicker redressals, and are a good thing."

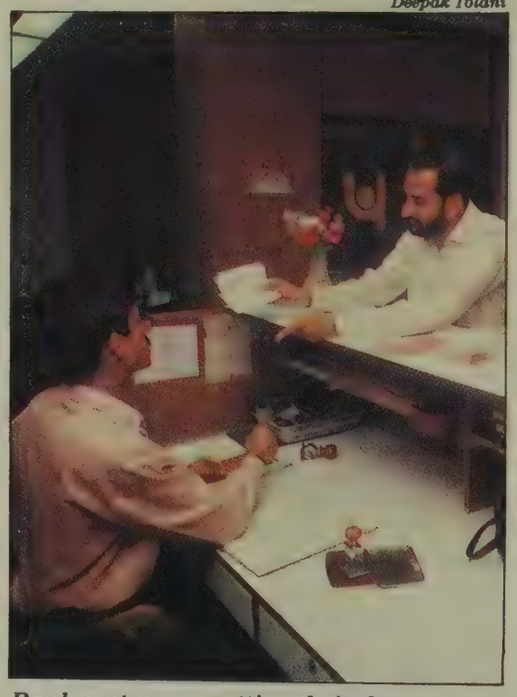
Far-reaching implications

Two recent judgements with far-reaching implications for the banking industry, have borne this out. In the first case, a locker at the Punjab National Bank's (PNB) Goregaon branch in Bombay, belonging to an account holder, K.B. Shetty, was found to have been emptied of ornaments worth more than Rs.1 lakh. PNB refused to make any compensation for the missing ornaments, claiming that it was not supposed to know the contents of the locker, and as a lessor, it had no responsibility or liability of any kind for the loss sustained by the lessee.

Shetty took up the matter with the Consumer Disputes Redressal Commission set up in Maharashtra under COPRA. And the commission dismissed PNB's claim, ruling that under COPRA, the relation between the bank and the customer is one where the customer is entitled to certain services from the bank. When there was negligence on the part of the bank, the complainant was entitled to compensation. The commission consequently ordered PNB to pay Rs. 1.26 lakh towards the cost of jewellery and 18 per cent interest on the amount for nearly 32 months — the period between the date of the detection of the theft and the compensation order.

The point in Shetty's favour is that the commission is a quasi-judicial body and as such is guided by the principles of natural justice. The commission was convinced of the authenticity of Shetty's claim, which was based on a valuation made for income tax purposes a month before the deposit. Shetty's claim could have been false, but it is the element of subjectivity allowed to the commission that tilted the scales in his favour. Says Arjun Chawla, regional manager, PNB, "With our losing the case, there will be a spate of similar cases now."

Deepak Tolani



Bank customers: getting their due

The objective of COPRA is to provide quick relief to the consumer. This is achieved by making procedures simpler than they are in a normal court of law. In fact, it is not even necessary to have a lawyer to represent him.

Shirish Deshpande of the Mumbai Grahak Panchayat, an active Bombay consumer organisation, cites the example of a consumer who could not even afford to go to the National Consumer Redressal Commission, based in Delhi, for the hearing. The case was decided in his favour on the basis of a written statement accompanied by the relevant documents. Disposal of cases by these redressal bodies is certainly both cheaper and faster than the normal legal channels.

The Act has also invited criticism. One of these is that "deficiency of service", which is one of the grounds for complaint under the Act, is a vague term, as no objective standard for judging service has been set. According to one banker, this sort of ambiguity leaves them vulnerable to unnecessary and possibly coercive litigation.

How much damage?

By the very nature of banking services it is sometimes difficult to quantify the damage caused to the customer by a deficiency in service. This has been elucidated in a case involving the Bank of Baroda (BoB) in West Bengal.

The bank's branches could not provide services to their customers in September and October 1987 due to a strike by some of its employees. In this case, the bank itself could do very little apart from persuading the employees to go back to work.

Subsequently, in a case filed by the Calcutta chapter of the Consumer Unity and Trust Society, a consumer body, against the bank, the compensation claim of Rs.110 crore was rejected by the commission. This was because the consumers could not explain how the compensation figure was arrived at. The commission however ordered that any bank receiving notice of a strike by its employees should make an announcement to that effect in the newspapers. This would benefit its customers, as it would allow them to make contingency plans.

According to Deshpande, "The consumer and the consumer bodies need to be well informed about the laws and procedures. Additionally, they must be well prepared with their cases." For instance, a case that came up before the national commission could not be heard, as the matter was already pending in the criminal court. Again, in another case, the national commission dismissed the complaint as the permissible period for legal action under the law of limitations had lapsed.

But for those who are well prepared, the four-year-old COPRA seems to be working wonders.

■ GEORGE ALBERT and SARAH ABRAHAM

Testing time for executives

Many organisations are actively involved in changing their executive appraisal systems. Interestingly, a good number of these are from the public sector — Indian Oil, BHEL, SBI, NDDB and IFFCO. Unlike the confidential report systems used in the past, the new systems are intended to help executives plan their performance systematically every year and review it either mid-term or at the year end. They are also aimed at making appraisees play an active role in planning their own performance. Thus self-appraisal is considered an essential step before the final review by the appraiser.

In devising this new system, organisations have made several assumptions. One is that performance planning will bring role clarity and that the participative process will increase job-satisfaction. Such appraisal systems are also expected to make promotion decisions more objective and make managers more accountable.

Assumptions uncertain

Most of these assumptions may be valid. But the appraisal systems assume that executives are both capable and motivated to find time to undertake them; that organisations on their part, support such heavy time investments by their executives. Unfortunately, this assumption may not hold good.

Some managers tend to be highly obsessed with promotion policies. They believe that competent people are ignored and conclude that unless biases in the minds of people are removed, appraisal systems will not succeed. They are not convinced that a participative system can reduce such biases.

Some managers don't take appraisals seriously because they believe that they are superstars. In their view, they are planning and reviewing the performance of their subordinates on a daily basis and that the system is merely a formality

Another category is the type that are excellent crisis managers. They create pressure for themselves by doing everything themselves. They are highly insecure and feel powerful in a high work-pressure culture. Since they are busy, they cannot find time for the appraisal of their subordinates. "There is so much to do, where is the time to plan or appraise others?" they ask. These executives blame the organisation for their heavy work loads.

Then there are those managers who have the ability to execute excellent appraisals but are not motivated to do so as they expect little from this exercise. Often, their unwillingness is attributed to their subordinates or their bosses. Their argument runs thus: "My boss has not appraised my performance properly. He has not given time for me so what is the point in my giving time to my subordinates?" Some managers don't take appraisals seriously because they believe that they are superstars. In their view, they are planning and reviewing the performance of their subordinates on a daily basis and the system is merely a formality.

Another group of executives always has its eyes set on top management. They keep saying, "Do you think that the top management is really committed to the system?" Their interest ends at this point. There are only a few executives who are sincere enough to make it a point to spend time with their subordinates and help them develop.

Great fanfare

Organisations that have begun changing appraisal systems have done so with great fanfare. They appoint task forces, orient executives to new systems through painstakingly arranged orientation-workshops where the chief executive makes it a point to personally address each group. Unfortunately, they believe that orientation-workshops alone can do the magic. In these organisations the effort is short lived and dies primarily due to lack of nurturing. The amount of attention needed from the personnel or HRD department is much greater after the appraisal system is put into place than at the time when it is just introduced.

If appraisals have to achieve their objectives, continuous monitoring and renewal is required. It is a good practice to review the implementation process periodically — say, once every three years — and rejuvenate the system. Personnel and HRD managers responsible for monitoring appraisal systems should not be burdened with any other task. It is desirable to have at least one personnel executive in charge of the appraisal and developmental needs of a group of 150 to 200 executives. But that is not usual.

Besides executive time, another bottleneck that prevents appraisals from being effective is the nexus they have with promotions. This link can kill an appraisal system. No matter what an organisation does, promotion policies are controversial. By linking appraisal data to promotions, organisations ensure that promotions influence appraisal data.

If appraisals have to achieve their objectives, continuous monitoring and renewal is required. It is a good practice to review the implementation process periodically and rejuvenate the system

Some appraisal systems evolved recently are excellent in their intent. But the moment the appraisal process is expected to end with numbers, its true worth is never realised. To reduce the entire year's work or performance (or even non-performance) of any employee into a few numbers is difficult and undesirable.

It is difficult because the numbers are not comparable between departments, appraisers and functions. It is undesirable because it may be misleading to a person who is not involved in the process. If good performance is to be rewarded, it is useful to equip every appraiser or reviewing officer with the ability and resources to reward and motivate good performance. Such decisions can be taken also on qualitative data which respect the individual and his contributions rather than reduce him to a number on a ratings scale.

■ T.V. RAO

The author is professor of organisational behaviour at the Indian Institute of Management, Ahmedabad

Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 11 and 24 March 1991.

THE FOUR BEST JOBS

- CHIEF EXECUTIVE (Plastic & Rubber Products) * Calcutta * *Sal* Rs.3 lakh gross * *Age/Qlfn* NS * NS * *Reqd* Experience of turnaround situation in V-belt industry * *Cont* CEC/BPA/3060, B.P. Agrawal, Chairman, ABC Consultants P Ltd, 43/3 Hazra Road, Calcutta 700019 (ToI - 11.3)
- FINANCIAL CONTROLLER * Nigeria * *Sal* Saving Rs.3-4 lakh * 35-40 years * *Age/Qlfn* CA/ICWA * *Reqd* 10-15 years experience in industry including 5 years at a senior level * *Cont* SM/F-4160, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (BI - 18.3)
- MANAGING DIRECTOR * Bombay * *Sal* Attractive * *Age/Qlfn* 42-48 years * Preferably a chemical engineer/agriculture science graduate * *Reqd* Proven track record of handling profit centre responsibilities in the agrochemical/fertiliser industry * *Cont* MPAC/BPA/3070, B.P. Agrawal, Chairman, ABC Consultants P Ltd, 43/3 Hazra Road, Calcutta 700019 (S - 17.3)
- CHIEF EXECUTIVE * Orissa * *Sal* Attractive * *Age/Qlfn* NS * Sugar technologist * *Reqd* Minimum 25 years experience * *Cont* The Managing Director, Khoday Distilleries Ltd, Brewery House, 7th Mile, Kanakapura Road, Bangalore 560062 (BI - 18.3)

NATIONAL

- VICE-PRESIDENT (Construction Division) * NS * *Sal* NS * *Age/Qlfn* Around 35 years * Civil engineer * *Reqd* 12 years relevant experience including 5 years at senior position * *Cont* Shree Management Services, 32 K. Dubash Marg, Above Tradewings, Kala Ghoda, Fort, Bombay 400023 (ToI - 11.3)
- GENERAL MANAGER (Sales) * NS * *Sal* Attractive salary + car + perks * *Age/Qlfn* 40-45 years * Science degree * *Reqd* 10 years experience in sales and marketing nationally * *Cont* Box J 554-S, Times of India, Bombay 400001 (ToI - 18.3)
- ASSISTANT GENERAL MANAGER (Quality Control) * NS * *Sal* NS * *Age/Qlfn* * Graduate or post-graduate metallurgy engineer * *Reqd* 15 years experience in the steel processing industry * *Cont* CMP/A/2058, Datamatics Staffing Services, Post Box No.106, GPO, Bombay 400001 (ToI - 18.3)

WEST

- ASSISTANT VICE-PRESIDENT (Manufacturing) * Western India * *Sal* NS * *Age/Qlfn* Less than 45 years * Chemical engineer * *Reqd* Experience in making detergents, soaps, cosmetics, fine chemicals * *Cont* Pratibha Sheth, Executive Director, Shilputsi Consultants, P B No.9386, Bombay 400026 (ToI - 11.3)
- GENERAL MANAGER (Materials) * Pune * *Sal* Best in industry with perks * *Age/Qlfn* Around 35 years * Engineers preferably PG in material management * *Reqd* 10-12 years experience in material management function in hi-tech electronic industry * *Cont* J.M. Rao, Vice-President (HRD), International Computers India Manufacture Ltd, Nagar Road, Pune 411014
- GENERAL MANAGER (Sales and Operations) * Mulund, Bombay * *Sal* Attractive with perks * *Age/Qlfn* 35-40 years * NS * *Reqd* Manufacturing and marketing experience * *Cont* Managing Director, Schrader-Scovill Duncan Ltd, Mulund Bombay 400080 (ToI - 11.3)

NORTH

- MARKETING DIRECTOR * Delhi * *Sal* Attractive * *Age/Qlfn* Around 45 years * MBAs from a premier institute * *Reqd* 15 years relevant experience, including 5 years at all-India level * *Cont* MS/4982, A F Ferguson Associates, Hansalaya Barakhamba Road, New Delhi 110001 (ToI - 11.3)
- GENERAL MANAGER (Sales) * New Delhi * *Sal* Rs.2 lakh * *Age/Qlfn* NS * MBA * *Reqd* 7 years senior managerial experience in selling consumer durables/light engineering goods in competitive market * *Cont* Shanti Consultants P Ltd, 3/12 Asafali Road, New Delhi 110002 (HT - 11.3)
- VICE-PRESIDENT (Finance & Company Secretary) * New Delhi * *Sal* NS * *Age/Qlfn* 40 years * CA & CS * *Reqd* 15 years experience of which 5 years in a senior managerial position in finance and secretarial department * *Cont* VP/DEL/1182, ABC Consultants P Ltd, 209, Meghdoot, 94 Nehru Place, New Delhi 110019 (HT - 17.3)
- GENERAL MANAGER (Exports) * Delhi * *Sal* Rs.3 lakh * *Age/Qlfn* 35-45 years * NS * *Reqd* NS * *Cont* MEH/BPA/3063, B.P. Agrawal, Chairman, ABC Consultants P Ltd, 43/3, Hazra Road, Calcutta 700019 (BI - 18.3)

SOUTH

- SENIOR MANAGER (Funds) * Madras * *Sal* NS * *Age/Qlfn* NS * Chartered Accountants or MBA (Finance) * *Reqd* 10-12 years experience in project formulation, managing public issues etc. * *Cont* The General Manager (HRD), EID Parry I Ltd, 234 NSC Bose Road, Madras 600001 (ToI - 11.3)
- GENERAL MANAGER (Finance & CS) * Madras * *Sal* Attractive * *Age/Qlfn* 40-45 years * CA * *Reqd* 10-15 years experience at senior levels in a manufacturing organisation * *Cont* MS/4395, A.F. Ferguson Associates, P.B. No.1261, Madras 600034 (BI - 18.3)
- FINANCE DIRECTOR * Hyderabad * *Sal* NS * *Age/Qlfn* 40 years * NS * *Reqd* 10-12 years experience at a senior level * *Cont* The Managing Director, SIRIS Ltd, L.B. Nagar, Hyderabad 500963 (H - 23.3)

OVERSEAS

- VICE-PRESIDENT (Technical) * Bangkok * *Sal* Excellent terms * *Age/Qlfn* NS * Chemical engineers * *Reqd* 12-15 years experience in identifying and implementing large projects relating to ethylene oxide/glycol pentaerythritol and other chemical projects * *Cont* A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI - 17.3)
- FINANCIAL CONTROLLER * Middle East * *Sal* NS * *Age/Qlfn* NS * Professional qualifications * *Reqd* 15 years relevant work experience especially in an EDP environment * *Cont* J.P. Kapur & Uberoi, 806 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 17.3)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* —Business India

NATIONAL

- AREA MANAGER * North India * *Sal* NS * *Age/Qlfn* 28-32 years * Graduate * *Reqd* Minimum experience of five years in marketing, preferably in consumer durables * *Cont* The HRD Manager, Indian Sewing Machine Co. Ltd, 3 Devika Tower, 6 Nehru Place, New Delhi 110019 (HT - 11.3)
- PRODUCTION EXECUTIVE MANAGER * Hyderabad * *Sal* NS * *Age/Qlfn* 25-30 years * Graduates, preferably with MBA * *Reqd* 3-5 years sales/marketing experience in consumer durables * *Cont* The Corporate Personnel Managers, Bakelite Hylam Ltd, Surya Tower, 3rd Floor, 104 Sardar Patel Road, Secunderabad 500003 (HT - 14.3)
- WORKS MANAGER * New Delhi * *Sal* Rs.5,000 pm + housing + conveyance allowances * *Age/Qlfn* 30-35 years * Engineers * *Reqd* Should have sound background — light mechanical engineering * *Cont* Ashoke Bahl, Director, Management Services Group, Marble Arch, 9 Prithivraj Road, New Delhi 110011 (HT - 17.3)
- PROJECT MANAGER * Kharagpur, West Bengal * *Sal* * *Age/Qlfn* NS * Mechanical engineer * *Reqd* Minimum 10 years experience preferably in the steel industry * *Cont* Tata Korf Metal WB Ltd, Tata Centre (5th Floor), 43 Chowringhee Road, Calcutta 700071 (S - 17.3)
- ASSISTANT GENERAL MANAGER (Quality Control) * Maharashtra * *Sal* Around 40 years * Graduate, preferably a PG metallurgy engineer * *Age/Qlfn* NS * *Reqd* At least 15 years relevant experience in the steel processing industry * *Cont* Ref.No.2, CMP/A/2058, Datamatics Staffing Services, P.B. No.106 GPO, Bombay 400001 (HT - 20.3)
- MANAGER (Utilities) * Ghaziabad/Kota * *Sal* NS * *Age/Qlfn* NS * Mechanical/electrical engineer * *Reqd* 16-20 years experience with proven track record * *Cont* DGM (HRD), Samtel Colour Ltd, 50 Community Centre, NFC, New Delhi 110065 (21.3)
- PRODUCT MANAGER * Delhi * *Sal* Attractive * *Age/Qlfn* NS * Science graduate/qualification in optical sciences * *Reqd* 7-10 years experience in health/eye care support services * *Cont* The General Manager (Personnel), 78 Nehru Place, New Delhi 110019 (ToI - 11.3)
- MARKETING MANAGER (Electrical Products) * Bombay * *Sal* Attractive * *Age/Qlfn* Around 35 years * Engineers * *Reqd* 15 years experience in electrical products marketing * *Cont* A.F. Ferguson Associates, PO Box 1786, Bombay 400001 (ToI - 11.3)
- MARKETING MANAGER (Textile Dyestuff) * Bombay * *Sal* Attractive * *Age/Qlfn* 40-45 years * B.Sc. (Tech) in textile chemistry, preferably with MBA (marketing) * *Reqd* 5-7 years relevant experience * *Cont* R.C. Vadhar, Chairman, Creative Marketing Consultancy Services P Ltd, 21 Atlanta, Nariman Point, Bombay 400021 (ToI - 11.3)
- PRODUCT MANAGER * Bombay * *Sal* Negotiable * *Age/Qlfn* 26 years * Engineer/MBA * *Reqd* 2 years experience in industrial marketing/selling * *Cont* PM-P, General Manager, Johnson & Johnson Ltd, 30 Forjett Street, Bombay 400036 (ToI - 13.3)
- MANAGER (Information Technology) * Bombay * *Sal* 1 lakh pa * *Age/Qlfn* 35 years * PG in management, finance or computer science * *Reqd* Familiarity with manufacturing, finance and market systems * *Cont* Omni Consultants International, 5G Court Chambers, 35 New Marine Lines, Bombay 400020 (ToI - 18.3)
- PRODUCT MANAGER * NS * *Sal* NS * *Age Qlfn* 26-35 years * Graduate in pharmacy/pharmacology with marketing management qualifications * *Reqd* 3 years experience * *Cont* Corporate Personnel Manager, Khandelwal Laboratories Ltd, 79/87, D Land Path, Bombay 400033 (ToI - 20.3)
- HRD MANAGER * NS * *Sal* Attractive * *Age/Qlfn* * PG in organisational behaviour/personnel management * *Reqd* 5-7 years similar experience in HRDs * *Cont* The Managing Director, Associated Capsules Ltd, Kandivli (W), Bombay 400067 (ToI - 20.3)
- PROJECT LEADER * Pune * *Sal* Attractive * *Age/Qlfn* NS * Mechanical/chemical engineers * *Reqd* 5-7 years experience in process industries * *Cont* Senior Manager (HRD), Alfa Laval (I) Ltd, Dapoli, Pune 411012 (ToI - 23.3)

OVERSEAS

- FACTORY MANAGER * Cameroon * *Sal* Saving US$ 12,000 pa + * *Age/Qlfn* NS * Graduate electronics/electrical engineers * *Reqd* 10-15 years of maintenance production experience ideally in paper/plastic units * *Cont* Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 17.3)
- PLANT MANAGER * Saudi Arabia * *Sal* NS * *Age/Qlfn* NS * Degree in chemical engineering * *Reqd* 10 years experience in production and maintenance of chemical plants * *Cont* Jerry Varghese Consultants, 313, Dalamal Tower, Nariman Point, Bombay 400021 (ToI - 17.3)
- PRODUCTION MANAGER * Mauritius * *Sal* NS * *Age/Qlfn* * Mechanical/industrial engineers * *Reqd* 10-15 years production management experience * *Cont* RJC/F-4178, Datamatics Staffing Services, Eucharistic Congress Building III, 5 Convent St, Colaba, Bombay 400039 (ToI - 24.3)
- QUALITY CONTROL CHIEF * Uttar Pradesh * *Sal* No constraint * *Age/Qlfn* NS * Metallurgical engineer * *Reqd* 10 years relevant experience * *Cont* HQC/DEL/1183, Col. V.P. Gulati, ABC Consultants P Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 11.3)



Reliance Industries Limited

Reliance Group – a phenomenon of the Indian Corporate World invites correspondence from:

TOP-MANUFACTURING-PROFESSIONALS

of large Petrochemicals/Fertilizers/Allied Industries to take charge of a challenging and exciting assignment as

PRESIDENT

(RELIANCE PATALGANGA OPERATIONS)

THE SITE: Located in Dist. Raigad, about 60 kms.from Bombay, the site houses most modern manufacturing complexes of Integrated Petrochemicals, Polyesters and Detergent Intermediate plants with investments over Rs. 2000 Crores. Spread over 200 acres, it includes 85,000 tpa Paraxylene (UOP technology), 100,000 tpa PTA (ICI technology), 60,000 tpa LAB (UOP technology), 50,000 tpa PSF (Dupont technology), 50,000 tpa POY (Dupont technology) besides a mammoth operating infrastructure & utilities, generating a turnover of over Rs. 1800 Crores. The company has embarked upon a HRD plan for its employees (over 3000 in strength) and enjoys healthy industrial relations.

THE JOB: The incumbent reporting to the Executive Director, will assume overall independent charge of the complete site and be responsible for entire gamut of activities that comprise Manufacturing Site Management. He will personally lead a team of manufacturing and non-tech VPs and functional GMs in areas of Petrochemical Manufacturing, Fiber Manufacturing, Technical services, Engineering & Maintenance, P&A, Works Accounts, MIS and Corporate Relations – to achieve profitable, efficient and state-of-the-art manufacturing operations.

Emphasis in the near future will be on substantial capacity expansion and sound organisation building by installing Institutionalised manufacturing systems in all functional areas including non-technical, providing personal leadership and technical guidance.

THE MAN: The President will be in his early mid-50's and will have a proven record of efficiently running a large manufacturing site – perferably capital intensive like fertilizers, refineries plants. Though a technical professional will be preferred, a non-technical leader with sufficient engineering appreciation can also be considered.

THE FUTURE: After a challenging stint, successful incumbent can look forward to more exciting opportunities in the renowned Reliance Group in Group Manufacturing/Projects/Corporate Planning etc.

THE COMPENSATION: We are looking for a person to join the Management "Family" of the Group and not a 'job'. The compensation and rewards will therefore be the best the Indian industry can offer. Besides housing commensurate to status and cars, the company of course has usual benefits like PF, Bonus, LTA, Medical, Superannuation, Gratuity, etc.

Applications clearly stating qualifications, age, contact telephone numbers, name/size/nature of companies worked for, etc.should be sent in 10 days in envelope marked "Confidential – Code 145" to:

Mr. Mukesh D. Ambani
Executive Director
Reliance Industries Ltd.
Maker Chambers IV, 222 Nariman Point, Bombay 400 021.

Where growth is a way of life

Mudra: B: RIL: 899

Our client is an established **MANUFACTURING AND INTERNATIONAL TRADING COMPANY** with a number of **OFFICES OVERSEAS** and **EXPORT OPERATIONS** in over Forty Countries involving **EXPORT** of **ENGINEERING, TEXTILES, LEATHER, CHEMICALS AND PHARMACEUTICAL PRODUCTS.** The Company is poised for expansion and seeks the following dynamic and result oriented Senior Personnel to be based at **NEW DELHI.**

VICE PRESIDENT-EXPORT
(AGRO COMMODITIES)

The job would involve Management of Procurement and Export of Agricultural Produce; and in particular Indentification of Products and Sourcing in India and Development of Business in existing as well as new Export Markets. A formal qualification in Agricultural Sciences together with a Degree in Business Management or Foreign Trade is essential. Atleast 15-20 years proven experience in Sourcing and Marketing of Agro Products such as De-Oiled Cakes, Tea, Coffee, Tobacco, Spices and Canned Vegetables and Foods etc. would be preferred. Leadership Skills, a Dynamic and Result oriented approach and proven track record are important attributes for the job.

IDEAL AGE : 40-45 YEARS.

VICE PRESIDENT-EXPORT
(ENGINEERING PRODUCTS)

The job would involve heading the International Marketing acitivity of an immensely successful operation involving Export of Engineering,Transportation and Construction Equipment; and Industrial Raw Materials, Chemicals, Pharmaceuticals etc.. An aggressive Personality, Leadership Qualities, Sound Experience in managing the organisation are essential attributes for the job. An Engineering qualification together with a Degree/ Diploma in Business Management or Foreign Trade would be preferred.

IDEAL AGE : 40-45 YEARS.

DY. GENERAL MANAGER-EXPORT
(TEXTILES)

The job would involve indentification of Exportable Yarns and Fabrics, their Sourcing, as well as development of existing and New Export Markets. Proven experience with a sound knowledge of the Textile Industry, Quality Parameters and procurement as well as a successful record in Export Marketing with leading Textile Mills of Export Houses would be essential attributes for the job. A qualification in Textiles Technology/Engineering together with a Degree/Diploma in Business Management or Foreign Trade would be preferred.

IDEAL AGE : 35-40 YEARS.

THE REMUNERATIONS WOULD NOT BE A CONSTRAINT FOR THE RIGHT CANDIDATES.

Please apply within ten days to :



RESOURCES MANAGEMENT ASSOCIATES
GF-12A, Meghdoot, 94, Nehru Place, New Delhi-110 019.
Phones : 6410255, 6441795, 6429165, 6429193, 6420773

VICE PRESIDENT
HUMAN RESOURCES DEVELOPMENT

Bombay

Attractive remuneration package + Housing & Car with Driver

MAFATLAL INDUSTRIES LIMITED is a conglomerate with wide-ranging interests in a variety of manufacturing industries and services. Along with its associate companies, Mafatlal Industries intends to develop and expand its current enterprises. The Group is also entering into new activities which offer considerable potential for growth.

This requires a coordinated approach to the acquisition and development of human resources with a wide variety of skills and attributes. The Group is therefore looking for a senior HRD specialist to head this function at the Corporate level.

The incumbent will be required to formulate a strategy for organisational development, bearing in mind the characteristics and identities of the individual enterprises and establish and monitor appropriate policies and systems for all man-power planning, recruitment, training and development activities for the Group. He will report directly to Mr. H.A. Mafatlal.

Candidates should have senior level HRD experience preferably in a multi-unit/multi-division situation. An appropriate specialist academic qualification will be an advantage.

Preferred age: around 45 years.

Applications in strict confidence should be sent within a fortnight to:

DR. R. BANERJEE

CONSINDIA

PRIVATE LIMITED

"Anand Ashram", 2nd Floor, 22, Pandita Ramabai Road,
Gamdevi, Bombay 400 007.

LINTAS CPL VAC 64 214

Reliance Industries Limited

Reliance Group – a phenomenon of the Indian Industry, invites correspondence for appointment as:

VICE PRESIDENT

(Non Tech)

at its

PATALGANGA MFG. SITE

to head

COMMERCIAL – F&A – EXCISE & CUSTOMS – P&A – LEGAL – MIS – HRD – SECURITY, ETC.

THE SITE: Located in Dist. Raigad, 60 kms. from Bombay, Reliance Patalganga site houses the most modern Industrial Complexes, integrating latest technologies in Petrochemical & Polyester plants, in technical collaborations with World Leaders like Dupont, UOP, ICI etc.; having an investment of over Rs. 2,000 Crores & turnover of over Rs. 1,800 Crores per annum.

Spread over 200 acres, it employs over 3000 motivated, relatively young employees directly, besides approx. 1000 odd employees of Contractors on assignments.

Support infrastructure to manufacturing includes – large warehouses for solids, tank farms for liquids, bonded ware house (CWC), 5 canteens and a posh guesthouse, a fleet of over 30 contract run buses on about 15 routes, about 100 cars, housing colonies with over 1000 houses, state of the art Super Mini Computers network in an "online environment" with over 100 Terminals, large security force, etc.

THE JOB: Reporting to the President, the incumbent will assume overall charge of all non Technical functions to render effective support to his counterpart i/c of mfg. ops. He'll lead and guide a group of Senior functional managers in areas of Works Accounts, Personnel-IR-Admn. Services, Commercial including Warehousing Despatch with related Excise matters, MIS, Security, Corporate and Local relations, Legal, etc.

Emphasis in near future will be on implementation of Institutionalised Operating Systems in all above areas and Organisation Building for long term stability and succession.

THE MAN: In late 40's – early 50's, applicants should have very strong Commercial & Administrative acumen with demonstrated leadership qualities. The person we are looking for will be a Generalist, ideally with a Finance background. A strong Personnel professional with experience of controlling finance/accounts at large mfg. sites, will also be considered.

THE FUTURE: After proven success on the job, he can look forward to either heading the whole site OR move to Corporate responsibilities in non Tech areas for the entire Reliance Group of Companies.

THE COMPENSATION: Besides usual perks like House, chauffeur driven cars, etc. monetary compensation and rewards will probably be the best in the Industry and will serve as an adequate incentive to even well settled Sr. Professionals. The Co. has usual benefits like PF, SA, gratuity, medical, LTA, etc.

Applications clearly stating experiences, relating to the above areas of proposed responsibilities besides age, qualifications, name/size/nature of Cos. worked for etc. should be sent in 10 days clearly marking the envelope with code 146 to:

Group Sr. Vice President (MSD)
Reliance Group of Companies
Maker Chambers IV, Nariman Point, Bombay 400 021

Where growth is a way of life

Mudra : B : RIL : 900

ABC's major specialisations include Corporate Consultancy • SWOT Analysis • MIS • Project Reports • Systems & Procedures • Computer Feasibility • Insurance Consultancy • Operations Research • Industrial Engineering • Software Packages • Systems & Procedures • Data Processing • Materials Management • Organised Cost Reduction

Our client is a large and professionally managed cement company with an annual turnover exceeding Rs. 100 Crores. They wish to select high calibre professionals for the following senior positions for their corporate office located in a **Premier City** in **South India.**

DIRECTOR/V.P.
Finance

Should be Chartered Accountants with atleast 15 years experience and should currently be heading the function in a large organisation. He should have a proven track record of experience in efficient management of financial resources, dealing with financial institutions & banks, taxation and financial information systems. Strong business acumen is a must. Age: Around 45. Code DPF/MDS/73.

GENERAL MANAGER
Costing

Should be Cost Accountants with atleast 10-15 years relevant experience preferably in process industries. Proficiency in evolving & establishing costing & budgeting systems including implementation is a must. Cost control and cost reduction will be a key result area. Age Group: 35-40. Code: GMC/MDS/74.

COMPANY SECRETARY

Should be qualified Company Secretaries preferably with Law qualification having 10-12 years relevant experience in widely held public limited companies. Should have exposure to all aspects of company law, liaison with financial institutions, promotion & management of public issues and handling all legal matters. Age: Around 35. Code: CSC/MDS/75.

Compensation package will be very attractive and will include senior level perquisites. Apply within ten days with detailed bio-data marking envelope & application with appropriate job title & code to **M Madhusudan, Director.** ALL APPLICATIONS WILL BE TREATED IN STRICT CONFIDENCE.

ABC CONSULTANTS PRIVATE LIMITED

4, Khader Nawaz Khan Road, Madras 600 006 Tel. 470778

A leading Industrial Group in India having present turnover of over Rs. 400 crores/year requires for its existing **Polyester Filament yarn Unit :**

Technical Director: PFY Unit

The incumbent will be over all incharge and responsible for all technical matters including Production, Maintenance, Quality Control, Projects, Technology Development and Technical Services of the PFY unit (including Spinning and Polycondensation). He should have atleast 15 years experience in a Synthetic Fibre manufacturing plant and of which minimum 8 years should be in PFY manufacturing plant at senior levels. He will have a team of Technical Managers to assist. He will report to the Managing Director.

The preferred age group is around 45/50 years.

The company offers handsome compensation package for the right candidate. Please apply in strict confidence with full bio-data giving details of experience within 15 days to :

Box No. AA/341/SH/4,
Business India, 59 Regal Building,
Connaught Circus, New Delhi 110 001.

TO OUR POTENTIAL DIRECTOR AND FACULTY WE OFFER A MOST UNUSUAL PERK.

THE CHALLENGE TO BUILD AN INSTITUTION.

Rarely, very rarely in academic climes comes a chance to not merely teach a course, but to chart a new one.

A rare challenge to build a premier institute. Brick by brick. Course by course. Student by student.

Such a challenge is MICA - Mudra Institute of Communications, Ahmedabad.

MICA

Sponsored by the Mudra Foundation for Communications Research and Education, MICA is the result of a concerted effort by the communications and advertising industry to address its growing and complex needs.

Amongst its foremost objectives is to provide a nurturing ground for talented youngsters who wish to join the profession.

And with our faculty would rest the challenging task of tailoring and conducting courses tuned to their special needs.

Initially, MICA would offer courses in Copywriting, Visualisation, Client Servicing and Media Planning. Seen, till now, as vital inputs in urban brand advertising, MICA would attempt to give these skills a broader perspective. One which includes the largely uncharted but important fields of social and rural communications.

To this end, MICA would also offer specialised courses in Social Marketing and Communications, and Rural Marketing and Communications.

Unique, as the above courses are, they would call for equally unique methods of learning.

At MICA, students would learn in a simulated typical agency atmosphere. On real briefs for real products from real clients. The approach would be inter-disciplinary. And a significant part of the one – year and short-term programmes would be devoted to providing hands-on experience. In video, film, marketing, research, planning, rural and social communications, etc.

But all this, we believe would just be the beginning. And building up the institute would depend largely on our faculty's skill and commitment. For which MICA will provide them the all-important tools.

Like a free hand to experiment, innovate and improve.

The chance to conduct short-term workshops, seminars and collaborate with industry professionals.

An opportunity to seek and perfect new methods of instruction and learning.

And an atmosphere congenial to individual growth and the spirit of enterprise.

In coming years we see MICA as a truly complete institute of communications. With courses embracing all its varied disciplines.

This then, is our dream. And we are looking for people who'll shape it into reality.

DIRECTOR

A visionary, our director would steer MICA to the pre-eminent position of the best communications institute in Asia. As executive head he would provide overall direction to the institute, and would have the ability to draw and nurture talent. Ideally, he should have a good post graduate degree and a rich, varied experience in marketing and/or advertising industry, or teaching or academic research in communication/marketing related areas.

FACULTY

The institute requires core faculty as professors/associate professors/ assistant professors in the areas of marketing, advertising, research, media, graphic arts, copywriting, and social and rural communications. Basic post-graduate/doctoral qualification and a significant industry experience and/or teaching experience would be essential.

MICA
MUDRA INSTITUTE OF COMMUNICATIONS AHMEDABAD

ople interested in the above posts may please write to or contact : **R.C. Chib,** Project Co-ordinator, CA 'Mudra House', Sheth C. G. Road, Ellisbridge, Ahmedabad-380 006.

VERNING COUNCIL :
A. Besant C. Raj, Management Consultant Besant Raj Consultants (P) Ltd., Madras • **A.G. Krishnamurthy,** Chairman & Managing Director, Mudra Communications Ltd., [illegible] • **Gerson da Cunha,** Communications Professional, Bombay • **Kartikeya Sarabhai,** Director, Centre for Environment Education Nehru Foundation for [illegible] Development, Ahmedabad • **Dr. N. Bhaskara Rao,** President, Operations Research Group, New Delhi • **Prof. Pradip N. Khandwalla,** L&T Professor of Organisational Behaviour, [illegible] an Institute of Management, Ahmedabad • **Prof. Pulin K. Garg,** Founder and Institution Member, Indian Society of Individual and Social Development, Ahmedabad • **Sharad Sarin,** Professor Marketing, XLRI, Jamshedpur • **Subrata Bhowmick,** Designer, Ahmedabad • **Prof. Subroto Sengupta,** Marketing Communications [illegible] & Visiting Faculty, Indian Institute of Management, Calcutta • **Dr. Suma Chitnis,** Vice Chancellor, SNDT Women's University, Bombay • **Prof. Vikas Satwalekar,** [illegible] Director, National Institute of Design, Ahmedabad.



The Institute of Management Consultants of India (IMCI)

needs an

EXECUTIVE DIRECTOR

IMCI is the apex body of management consultants in India and the first Institute from Asia to be affiliated to the International Council of Management Consulting Institutes – ICMCI, London. IMCI is a successor to the Management Consultants' Association of India, founded in 1963.

The Executive Director of the Institute, who will be based in Bombay will be administrative head of the Institute and will be required to implement its policies and activities as set out by the Executive Council, the highest executive body of the Institute, to whom he will report.

The activities of the Institute include organising programmes, seminars and other means of creating general awareness of the role of management consultants and of training and development of management consultants, widening its membership base and enforcing its code of ethics.

A candidate should be a person who has held senior executive positions in Government or in industry, preferably who has worked in the area of consulting for at least 3 years, or a senior management consultant who would now like to devote time and effort to the development of the profession. There is no age barrier. No accommodation can be provided.

So, if you have a management background, the health, energy and enthusiasm to make a significant contribution to a young but rapidly growing profession, write in strict confidence (within 10 days) to:

The President
Institute of Management Consultants of India
Centre 1, Unit 2, 11th Floor, World Trade Center
Cuffe Parade, Bombay 400 005.

EXECUTIVE SELECTION & RECRUITMENT - HRD SYSTEMS

PERSONNEL INFORMATION SYSTEMS - TRAINING & DEVELOPMENT

COMPENSATION SURVEYS - HRD SYSTEMS - OD INTERVENTIONS

Our client is a **Leading Professionally Managed Public Limited Company** with Annual Turnover exceeding **Rs. 100** Crores with **Multi Product/Unit activities.** To Strengthen the existing structure and also meet the ongoing expansion plans, we have been retained to recruit a highly seasoned & mature person to take over as

CHIEF EXECUTIVE

MADRAS

ATTRACTIVE COMPENSATION + CAR + HOUSE + PERKS

The **Incumbent** in the age group of **48-52 Yrs** should be **Engineer or Chartered Accountant** with Proven track record of **20-25 yrs** in all areas of *General Management* preferably from Leading Organisations, out of which last **5 years** must have headed the organisation as a **Profit Centre Head.**

The Incumbent will be responsible for the Profit Centre of the Organisation reporting to the **Managing Director** and reported by the entire **Functional Heads.** Exposure to oversee the operations of **Functional GM's** in the areas of **Marketing, Finance, Plant Operations** etc. in addition to run the Organisation **profitably is essential.** Should be Dynamic, high speeder, and work under severe market Competition besides having conceptual ability to look into Long Term Goals and Objectives of the Organisation is essential. Must be prepared to work with the given Culture/Environment of the Organisation which will be that of any other **South Indian** companies. The Incumbent will be expected to cope up with the speed of the organisation in **Achievement of Results.**

Professionals Matching the above requirements may send their detailed **RESUME, by COURIER,** addressed to **A. MATHRUBOOTHAM, Director,** within 15 days.

PERSONNEL SELECTION DIVISION

HUMAN RESOURCES CONSULTANCY GROUP

NO:2, VELU STREET, WEST MAMBALAM MADRAS 600 033. PHONE: 426269/426151

EXECUTIVE SELECTION & RECRUITMENT - HRD SYSTEMS

SAMTEL

GENERAL MANAGER - FINANCE

We are the largest manufacturers of picture tubes in the country and have diversified into manufacture of colour picture tubes in collaboration with Mitsubishi Electric Corporation of Japan. Our current turnover is Rs. 350 crores which is expected to increase substantially in the next 2 years. To strengthen our organisation, we are looking for outstanding professional to head our finance function.

The incumbent will take overall charge of finance & accounting function and will participate in corporate policy formulation. He will be accountable for accounting and control systems, tax planning, funds and cash flow management, budgetary controls, MIS and computer applications. He will also take responsibility for senior-level liaisoning with banks and financial institutions.

The position reports to the President of the group. The selected candidate will be a Chartered Accountant with around 15 years of experience out of which 7 years should be at a senior level. Applicants with less experience may also apply and will be considered for suitable position. Salary and perks will be excellent and would compare with the best in the industry.

Please apply in strict confidence within 10 days with complete Bio-data stating present and expected salary to:

President,

SAMTEL (INDIA) LIMITED

50-51 Community Centre
New Friends Colony New Delhi - 110 065.

P O L A R

POLAR GROUP OF INDUSTRIES

Polar Industries Ltd., is part of a progressive group of companies that has recently put up 5 new projects in diverse fields and is expected to cross a turnover of Rs. 300 crores in 1992. This company, manufacturing fans & accessories at 4 units in NOIDA near DELHI, is presently at a turnover of Rs. 60 crores and requires as part of its consolidation and growth programme:

GENERAL MANAGER

RESEARCH, DESIGN & DEVELOPMENT

From the

ELECTRICAL LIGHT ENGINEERING INDUSTRY

(TO BE BASED AT NOIDA/DELHI)

To head & develop a centralised R & D cell that will spearhead development of new products and improvements in existing product lines in terms of design, cost and productivity to consistently improve the market position & product range of the company & achieve the growth plans of the group.

The incumbent would be an M.Tech/B.Tech in electrical/mechanical engineering with a minimum of 10 years experience in the R & D section of a reputed company in the electrical light engineering industry, with proven exposure as the head of a design group.

An analytical & innovative mind with the ability to think and forecast ahead, and proven team management & development skills are essential prerequisites to this assignment.

The group is professionally managed and progressive and provides full autonomy to department heads within a preplanned framework along with tremendous opportunity for growth & progress.

PAY & PERQUISITES WILL MATCH THE BEST IN THE INDUSTRY AND WILL NOT BE A LIMITED FACTOR.

Write in strict confidence quoting: E-190/91

POLAR
the SUPER fan

Personnel network.

405 Saraswati House, 27 Nehru Place,
New Delhi-110 019. Tel. 6413373

Managerial

USHA-GPT

USHA GEC PLESSEY TELECOMMUNICATIONS LTD. is a joint venture of GEC Plessey Telecommunications Ltd. of UK (belonging to GEC group of UK) and Usha Rectifier Group. The joint venture, UGPT, has been set up to manufacture a range of telecommunication products with GPT technology. In the first phase, manufacture of prepaid payphones has been taken up. The facilities have been set up at Solan, Himachal Pradesh. The company is looking for highly experienced professionals for the following positions.

CHIEF EXECUTIVE

LOCATION: SOLAN/NEW DELHI

He will be reporting to the board and will be responsible for overall operations & growth of company; should have exposure to general management in Telecommunication and Electronic industry.

GM (MARKETING)

LOCATION: NEW DELHI

Overall responsible for marketing operations for all the products. Candidates should have experience in marketing Telecommunication products.

GM (SOFTWARE)

LOCATION: NEW DELHI

He will be responsible for development of Application Software for USHA-GPT as well as for export to our collaborators. He should have adequate experience and capability of building up a team of Software Engineers.

GM (WORKS)

LOCATION: SOLAN

He will be responsible for all production related functions; should be qualified engineer with manufacturing experience in Electronic/Telecommunication industry.

GM (QA)

LOCATION: SOLAN

He will be responsible for Quality Assurance of all the products and should be capable of evolving systems of Quality Assurance. He should have adequate industrial experience relating to Quality Assurance in Electronic sector.

GM (R&D)

LOCATION: SOLAN

He will be responsible for indigenization and vendor development; should be qualified engineer with experience in a similar job function.

Candidates with good track record can look forward to a professionally satisfying and growth oriented career in a highly participative environment. The compensation package will be comparable with the best in the industry. Please apply or call in strict confidence to:

DR. R.L. CHOUDHURY, DIRECTOR

USHA GEC PLESSEY TELECOMMUNICATIONS LTD

3,Cama Place, New Delhi-110066 Tel.: EPABX 6873447, (Direct) 6873937, (Resi.) 6447290

DGM SPECIAL MATERIALS

NORTH INDIA

Over Rs. 2 lacs

The Client:

A Multinational Organisation, who are leaders in Office Automation. The Company prides itself in world standards in technology, systems, strategy and people.

The Job:

The assignment is in the senior management cadre. As the department head leading a team of dedicated professionals, the incumbent will be responsible for **polymer based special materials.** The responsibility comprises Production, Indigenisation, Quality stadards, PPC, Vendor Development etc. related to the special materials.

The Person:

An Engineer with a specialisation in Chemical/ Physical Mettallurgy. We are looking at a minimum of 15 years experience in **Chemical process industry/tyre industry, with a definite emphasis in polymer technology.** The desired profile is from the functions of Production/ Quality Assurance/Research and Development.

SOFTWARE PROFESSIONALS

Delhi Madras Middle East

The Client:

A large professionally managed Corporation. An enviable track record and have created history in the country for its contribution in the domain of computers and technology. Plans are under implementation for mind boggling projects in India and overseas.

The Job:

Conceptualisation, Analysis, Design and Development of computer applications on the following software platforms:

SYBASE UNIX C UNIFY

ORACLE INGRES

The Person:

Engineers with specialisation in Electronics/ Computer Science with two to seven years of relevant experience in any or a combination of the above platforms. Expertise with a proven track record is essential.

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS
Post Box 3531, New Delhi-110024 Tele: 4625316, 692415

PEERLESS DEVELOPERS LIMITED

The Peerless General Finance & Investment Co. Ltd. is India's oldest and largest non-banking financial institution. With deposits of over Rs. 1,200 crores and the trust and confidence of over 20 million certificate holders. As it enters its 60th year, Peerless today has a network of 100 branches and a field force of 1.7 million workers to ensure that it stays ahead. If any company in India has succeeded in living up to its name, it is Peerless.

Peerless Developers Limited is a wholly owned subsidiary of The Peerless General Finance & Investment Co. Ltd.. PDL is a professionally managed, dynamic organisation now diversifying into the fields of marketing Consumables, Consumer Durables, Agency business including Instalment Purchase, Hire Purchase and Leasing. PDL is also poised to tap the export market in a big way with projected overall sales turnover of over Rs.100 crores in 1991-92.

We are looking for high performers with motivation and drive and in turn we offer rewarding career prospects.

FINANCIAL CONTROLLER CUM COMPANY SECRETARY

CODE: FC **Location : Calcutta**
Age : Below 40 Years

Reporting to General Manager, the incumbent would have independent charge of the finance, accounts and secretarial functions. Key responsibilities would include project funding, working capital management and the design and implementation of financial management and information systems with special reference to Trading, Leasing etc. Involvement in Legal matters, Company Law, Taxation as well as regulations including MRTP, FERA, Central Excise, IDRA, Trade Marks, Patents etc. are likely to be major components of the job.

The candidate should be a Chartered/Cost Accountant and a qualified Company Secretary with extensive exposure to funding, financial management and accounting. Experience in a Trading House with 10/12 years in a senior position would be an advantage.

PROJECT MANAGER (JUTE)

CODE: PMJ **Location : Calcutta/Site**
Age : Below 40 Years

Reporting to General Manager, the incumbent must be a graduate preferably in Agriculture and a Jute Technologist. He would have overall responsibility for procurement, grading as per BIS specification, forecasting on Purchase/Marketing of raw/finished Jute products and its financial involvement and functioning of the Division as a "Profit Centre". The job would involve extensive travelling.

The candidate with 8/10 years relevant working experience in a Jute Mill as a front line manager with independent responsibility and well conversant with the Jute Trade would be preferred.

PROJECT MANAGER (TEA/COFFEE AND OTHER AGRICULTURAL PRODUCTS)

CODE: PMT **Location : Calcutta/Site**
Age : Below 40 Years

Reporting to General Manager, the incumbent must be a graduate preferably in Agriculture with experience primarily in Tea and Coffee. He would be responsible for procurement, grading, blending as per specification, forecasting on Purchase/Marketing of bulk/packaged Tea/Coffee and their financial implications. Should be able to take independent charge of the project and function as a "Profit Centre" head. The job would involve extensive travelling.

The candidate having relevant experience of 8/10 years in Tea or Coffee Industry as a front line manager with independent responsibility and well conversant with Tea and Coffee Trade would be preferred.

PROJECT MANAGER (CIVIL)

CODE: PMC **Location : Calcutta/Site**
Age : Below 40 Years

Reporting to General Manager, the incumbent should be a graduate Civil Engineer with at least 8/10 years experience in site construction. He will be responsible for planning inputs requirement as per drawing, scheduling and also monitoring progress, managing a team of professionals, supervising construction at site, co-ordination with contractors and interface with other engineering disciplines.

The candidate having requisite experience, capable and confident of developing housing and property development projects from scratch and marketing the same independently and running the Division as a "Profit Centre" would be preferred.

Please apply within 10 days indicating age, qualification, experience, present and expected emoluments to General Manager, Peerless Developers Ltd., 5, Loudon Street, Calcutta-700 017 superscribing the envelope with the relevant code number mentioned against each post.

Meridian

EFFECTIVE INDUSTRIAL RELATIONS

ORGANISATIONAL EFFECTIVENESS

EMPLOYEE SELECTION SERVICES

A Progressive, Professionally Managed, Highly Profitable Organisation, Enjoying Product Brand Leadership Nationally with Substantial Expansion Plans needs :

TECHNICAL MANAGER

Delhi & Calcutta Suburbs

Rs. 1.25 lakh per annum Gross + Factory Accommodation + Perks

The successful candidates will be a Mechanical Engineering Graduate with proficiency in Electronics & Electrical Engineering having ten years' experience in a reputed Precision Engineering Industry, with well-equipped Workshop, Plant Maintenance, Production Management and Utilities, specifically, running of Generators & Compressors. They will oversee all technical functions in the Plant and will be reporting to Chief Executive, Works. Proficiency in Man-Management is essential. Age : 35-40 years.

COMMERCIAL MANAGER

Delhi & Calcutta Suburbs

Rs. 1.00 lakh per annum Gross + Factory Accommodation + Perks

The successful candidates will be dynamic Chartered Accountants, responsible for managing all non-technical functions in the Plant and reporting to Chief Executive, Works. They will oversee Accounting Management including Budgeting, Works Accounting, Total Inventory Management, MIS, Computer Department, Administration and Excise & Sales Tax Matters. Proficiency in Man-Management is essential. Age : 35-40 years.

Please apply within 10 days with a well-structured resume to :

R L Kapur
Management Consultancy Division
SKP Corporate Services (P) Limited
308, 'Shantiniketan' 8, Camac Street, Calcutta - 700 017

Apt Ads - 197/91

MANPOWER TRAINING & DEVELOPMENT

OVER 100 YEARS OF CARING · DABUR ·

Dabur INDIA LIMITED

REGIONAL MANAGERS

DELHI
LUCKNOW

ATTRACTIVE SALARY PLUS PERKS

THE COMPANY

Dabur India Limited, manufacturing and marketing brand leaders: Dabur Chyawanprash, Dabur Amla Hair Oil, Hajmola and a wide range of other Health Care and Family Products, is a fast growing company with ambitious plans. The current turnover is over Rs. 180 crores.

THE JOB

The position is responsible for planning and implementing innovative strategies for achieving ambitious sales objectives through a large network of stockists. He will be assisted by a young team of Area Managers, Sales Supervisors and Sales Representatives.

QUALIFICATIONS

MBA from an institute of repute with 7-10 years of experience in selling consumer products.

AGE

30-35 years.

The organisation offers ample growth opportunities for the right candidate.

Apply with detailed resume within 10 days to:
The Personnel Manager
Dabur India Limited
Harsha Bhawan
Block 'E', Connaught Place
New Delhi-110001

Four of, perhaps, the most challenging positions in the software industry.

MASTEK are among the top 10 software houses in India, and one of the fastest-growing.

We employ over 300 professionals in 7 offices in India, one in Singapore and project offices in Australia and the US. These professionals have helped make us a force to reckon with in custom software, packaged software, RDBMS and offshore software development.

We anticipate an accelerated rate of growth over the next few years, and are in the process of restructuring the company to manage this. The restructuring calls for the creation of new positions to take over areas of responsibility and authority that have, until now, been handled by top management.

These positions are important to the company's continued growth. The persons filling them will be expected to operate with a high degree of independence, while enhancing our existing reputation for world-class products and service.

Regional Software Development Managers, at Bombay/ Bangalore/Madras/Delhi

As Regional Software Development Manager, you would be expected to take charge of development implementation of turnkey projects and offer RDBMS based solutions to large clients. You would deal with high-value application software. You should have 5-7 years' experience in Software Development in areas like Manufacturing Management, Finance,and Banking. Additionally, if you are an MBA from any IIM, XLRI, then so much the better.

Regional Sales Managers, at Bombay/Bangalore/ Madras

The incumbents would be expected to handle sales and support services, of one line of business independently, for the full Region. Our lines of business include Ready-made Packages, Topview, Customised Software, Ingres, etc. He should have 5-7 years' experience in Marketing, perferably in the Computer Industry.

Manager - PR & Communications, at Bombay

The person would be responsible for developing a PR strategy targetted at the computer industry, customers, potential employees and press. He would also be in charge of communication through house journals, ads, etc. He should have similar experience in Industry/PR firms or be a journalist looking for new avenues.

Consultant - Manufacturing, at Bombay

The incumbent will be expected to offer high level consulting to organisations for improving the efficiency of manufacturing operations through implementation of our higher end software products developed around Relational Databases covering various aspects of manufacturing operations.

In order to operate successfully, the candidate must have a minimum of 5 years' experience at a senior level in manufacturing operations of a large industry, and should have been associated with computerisation activities in the manufacturing area.

Remuneration will be comparable to the best in industry. Please send a detailed resume, marking the name of the post applied for on the envelope, to R. Sundar, Director-HRD, MASTEK Pvt. Ltd., 411 Unique, Veer Savarkar Marg, Prabhadevi, Bombay 400 025, within 15 days.

MASTEK

EQUITY • M • 0194

KALE

Kale Consultants Pvt. Ltd.

Outstanding Software and Marketing Professionals

Kale Consultants Pvt. Ltd. (KCPL) is a leading software house in the country. Recognised as the No. 1 company in the areas of IT solutions for Health-Care, Banking, Hotels and UNIX-based on-line systems - KCPL is looking forward to a quantum jump in growth.

KCPL has a rich heritage in undertaking turnkey software contracts for the service segments. It has been witnessing a steady growth in the export market in its specialised segments. KCPL solutions have also acclaimed recognition in countries like Germany, U.S.A., Switzerland and Malaysia.

KCPL invites professionals in the software and marketing areas to transform its vision into reality and in return offers you the opportunity to be part of the action!

Regional Managers

(Bombay, Delhi, Bangalore, Calcutta)

They would head a team of professionals and would oversee marketing and successful management of the projects in the region. The candidate would be B. Tech./M.B.A./CA/Post Graduate with more than a decade of experience in Software Development/Consultancy/Marketing & Client Interaction. He should have a minimum of five years experience in a senior managerial position in the Information Technology industry.

Project Managers

(Bombay, Delhi, Bangalore, Calcutta, Pune)

We are in the process of installing integrated, on-line software solutions for banks, hotels and hospitals. These turnkey projects offer challenges for single point project management responsibility from start-to-finish. Excellent analytical and communication skills, meticulous planning and coordination ability are essential pre-requisites. Experience in the area of applications - hotels, hospitals, banking - would be an added advantage. We need B. Tech./M.B.A./CA/Post Graduates with 5-10 years experience in software development or management. He should have a minimum of two years experience in handling project responsibilities.

Systems Analysts

(Bombay, Delhi, Bangalore, Pune)

Would lead a team of programmers/assisting system professionals, to undertake System Development/Design and installation of various software solutions. Candidates should have a minimum of 5 years experience in software development of on-line systems in UNIX, C & RDBMS environments.

These jobs involve travelling, a total commitment to project success and a result oriented work culture. The salary and benefits would be in-line with the best in the industry.

Please apply in confidence stating all details to:

The Executive Director

Kale Consultants Pvt. Ltd.

3, Candy House, Mandlik Road, Bombay - 400 039

either personally or through mail within 15 days.

ROGER-KCPL 265/2

THE JOB :

ATCO®
THE TRUTH BY WEIGHT

Direct Selling of Electronic Weighing Machines to all types of Industries.
Travelling involved.

THE MEN

ALL INDIA CUSTOMER SUPPORT MANAGER

PUNE : Salary & Perks no constraint.
With a challenge to set up the After Sales Service network on All India basis, you will have the in house support of highly professional service engineers at our various branches. In your forties, you should have an electronics engineering background coupled with exposure to both technical and managerial functions.

REGIONAL MANAGERS :
BOMBAY, CALCUTTA, PUNE,LUCKNOW Salary and perks no constraint.
You will be responsible for the orders/sales /cash targets in your region comprising of 5 to 6 branches. In your midthirties, you should be familiar with Sales/General Management functions.

BRANCH MANAGER : Rs. 72,000 + Car + Incentives.
The Incumbent will be primarily responsible for achieving orders/sales/cash targets of his branch. In your late twenties or mid thirties , you will enjoy the challenge to man your independent but adequately staffed branch.

ASST. BRANCH MANAGERS : Rs. 48,000 pa + T.A. + Incentives.
Reporting to the Branch Manager, you will assist him in getting orders through institutional markets & dealers. As high - flyers, you will be expected to take over as Branch Manager earlier than you imagined. The incumbent should be aged above 26.

TEAM MANAGERS : Rs. 36,000 pa + T.A. + Incentives.
You will be responsible not only for getting orders on your steam but through your team too. All at the age of 25.

SALES EXECUTIVES :
You should have 3 to 4 years experience in selling consumer durables preferably capital items. You should be in your mid - twenties.

SERVICE ENGINEERS :
A user friendly and not just a technical man, you should be a diploma holder in electronics engineering with 2 to 3 years of relevant experience.

The above five posts are for the following regions : Bombay, Pune, Indore, Ahmedabad, Jaipur, Lucknow, Calcutta, Hyderabad, Coimbatore, Bangalore, Madras, Ludhiana, Surat, Delhi.

As leaders we enjoy the lion's share in the field of Electronic Weighing Machines. An arrangement with the Japanese and a proposed venture with an American company, ours is a fast growing professionally managed company with ample career opportunities for those who want to make Sales/General Management as a career. It is our policy to impart continuous inhouse & field training at all levels.

Please send your resume alongwith photograph, in strict confidence within 7 days to :

Manager-H.R.D.,
ATCO INDUSTRIES LIMITED
6-A, Lalwani Industrial Estate, 14, G.D. Ambekar Road, Wadala, Bombay - 400 031.

A well-known organisation having a network of number of units wishes to strengthen its marketing function. The organisation has been marketing a variety of consumer products in different parts of the country with reasonable amount of success. The organisation offers a professional working atmosphere and career progression opportunities based on performance.

PRODUCT MANAGERS

MS/4984 **New Delhi**

There are 3 vacancies, 2 in the area of marketing of processed foods and one for edible oil. The Product Managers would be responsible for formulation of marketing and sales strategies and policies, sales budgets, product launches, monitoring product performance and promotion of sales. They would work in close coordination with the sales organisation in achievement of targeted sales for the concerned product groups.

Candidates should preferably be MBAs with specialisation in marketing or Post Graduate diploma in marketing and sales management from a reputed University/Institute. They should have 8 to 10 years experience in marketing of processed foods/edible oils, out of which 5 years experience should be at a senior level of responsibility.

Preferred age : 32-40 years

ADVERTISING MANAGER

MS/4985 **New Delhi**

The selected candidate will be responsible for planning and implementation of various advertising, publicity programmes relating to different consumer products. He/she will work in close coordination with various advertising agencies, suppliers, printers, etc.

Applicants should have around 10 years working experience in the advertising/PR departments of a professional organisation or should have similar experience of working in an advertising agency of repute.

Applicants should preferably be MBAs with specialisation in Advertising or Post Graduate diploma in either journalism/public relations/marketing and advertising from a well-known University/Institute.

Preferred age : 32-40 years

PACKAGING MANAGER

MS/4986 **New Delhi**

The selected candidate would be responsible for procurement of various packaging material, developing proper packaging systems in the organisation and guiding various units on matters relating to packaging.

Applicants should have atleast 5 years experience in a professional consumer product company. They are expected to be fully abreast with the above functions as also with the latest developments taking place in the field of packaging particularly related to food items.

Applicants should possess a Masters diploma in the field of packaging from the Indian Institute of Packaging, Delhi.

Preferred age : 30-40 years

Please apply within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, work experience, salary drawn and telephone contact numbers. All applications and envelopes must be marked with the relevant **'MS' numbers**.

JIL
JAGATJIT INDUSTRIES LIMITED

Jagatjit Industries Limited, a large well known professionally managed and fast expanding group engaged in manufacturing mass consumer products, i.e. Alcoholic Beverages, Food and Dairy Products, Glass and Plastics Containers with current group turnover exceeding Rs. 300 crores, wishes to recruit Senior Professionals for the following positions:-

FACTORY MANAGERS *Age around 35 years*

For distilleries/bottling Units located in various States, i.e. Maharashtra, Andhra Pradesh, Uttar Pradesh and Punjab.

Candidate should be Chemical Engineer/Bio-Chemical Engineer with at least 5 years managerial expreience in some reputed distilleries.

MARKETING MANAGER *Age around 35 years*

For Liquor-Marketing Division based at Delhi.

Candidate should be a graduate with Degree or Diploma in Marketing Management coupled with minimum 5 years managerial experience in Sales and Marketing preferably of Alcoholic Beverages.

AREA SALES MANAGERS (LIQUOR) *Age around 30 years*

For Liquor Marketing in U.P., Bihar and Bengal.

Candidate shold be a graduate preferably an MBA with at least 4-5 years experience in the liquor trade.

WORKSHOP MANAGER *Age around 40 years*

For Glass Division located at Sahibabad, Distt. Ghaziabad.

Candidate should have a degree/diploma in Mechanical Engineering with 15 years experience in mould making workshop of an automatic glass plant. The incumbent will report to the Deputy General Manager and will have overall responsibility for designing and fabrication of moulds for making glass bottles.

PLANT/PRODUCTION MANAGER *Age around 35 years*

For Plastics Division located in NOIDA.

Candidate should be a B.Tech. (Plastic Technology) or P.G. Diploma from C.I.P.E.T. with around 5 years managerial experience in a similar industry.

QUALITY CONTROL/PRODUCTION EXECUTIVES *Age around 30 years*

For Food Processing Plant at NOIDA.

Candidate should be M.Sc. with Microbiology or Organic Chemistry or Food Technology and 4 to 5 years experience in quality control/production department in a Food Processing Industry.

The compensation package being offered is quite liberal and would not be a constraint for the right candidate.

Please apply within 10 days, superscribing the envelop with the position applied for, giving full details of qualifications, experience, salary drawn and expected to:-

The Personnel Manager
Jagatjit Industries Limited
9th Floor, Ashoka Estate
24-Barakhamba Road
New Delhi-110 001

The Spirit of Excellence

INVESTMENT ANALYST

(CAs / MBAs)

Bombay

Very attractive compensation + housing

Our client, a recently established growing financial services company, involved in the areas of merchant banking, portfolio management, leasing, project counselling and money market operations, requires an Investment Analyst, to be based at Bombay.

The incumbent will be responsible for the investment and financial analysis for a large portfolio and investment management.

Candidates should be chartered accountants or MBAs (finance) from reputed institutes with 3-5 years experience in financial services/consulting organisations. Candidates with a good exposure to investment and financial analysis need only apply.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box No. 1786
Bombay 400 001

giving full particulars of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/5659".

"What the hell am I doing with an MBA?"

If you're an MBA with two to three years' work experience, you know the feeling.

You spent two of the best years of your life mastering complex management concepts and techniques. And then got into industry, only to find that entry-level people can't practise most of what they've learnt.

And, when you do get to practise anything, it's always a tiny part of somebody else's project. (Do you really get your kicks out of boosting sales 17% in North Arcot district? Or out of cutting washer inventory by 6%? Or out of devising a brand new petty cash payment system?)

Things are different at MASTEK. If you think you're ready to take on a lot more challenges than you have right now, perhaps you should come and talk to us.

"But who are MASTEK?"

MASTEK are one of the top 10 software houses in India, and, possibly, the fastest-growing.

We were started 10 years ago by three people from IIM-A and one from IIM-C. All with one or two years' work experience, all working in companies that made them wonder why they'd bothered with an MBA.

We have, today, over 300 young professionals, scattered around 7 full-scale offices in India, one in Singapore and project offices in Australia and the US.

MASTEK is recognized as a solid force in packaged software, RDBMS and custom software. And we're gaining respect as an offshore software developer.

The projects we work on are, often, pathbreaking. One is to help a client develop a paperless company. Another is to develop a standard product – an MRP II package – that can replicate the work flow in an entire factory, for better production control. A third is to create a standard product that gives a senior manager an on-line satellite's-eye-view of his entire company.

These, and other products, are world-beaters, by any standard. (We should know. We do a lot of work overseas, remember.)

"So what do you need an MBA for?"

Actually, we need 20 MBAs.

A large software company is structured like most other large companies, with clear and important roles for every management discipline.

If you're a young MBA, we need you – even if you've never faced a keyboard before in your life.

We can teach you about computers and software. What we can't teach you, and what we'll be looking for in you, is a drive to put your personal stamp on something that is big, that is important, that is satisfying.

We'll give you assignments that don't involve North Arcot district, washer inventories or petty cash systems. Assignments that can inspire a missionary zeal – and that will bring everything you've learnt, and then some, into play.

Best of all, you'll find that there's no ceiling on growth in the software industry. It's a business that lives on rapid change and development. Which means that you can, if you wish, spend an entire career span in it.

If you're interested, write to R. Sundar, Director-HRD, MASTEK Pvt. Ltd., 411 Unique, Veer Savarkar Marg, Prabhadevi, Bombay 400 025. Soon.

MASTEK

EQUITY • M • 0193

MARKETING PROFESSIONALS

PUMPS & MOTORS

"Continental Pumps" is a leading company engaged in the manufacture of top quality **Vertical Turbine, Monoblock & Submersible Pumps as also Electric Motors** upto 250 HP with an annual turnover of Rs. 15 crores. Company's products have successfully withstood international competition enabling it to secure large export orders from World Bank financed projects. For meeting the challenges of growth and organizing its marketing operation on all India basis, the company is looking for top class marketing professionals.

GENERAL MANAGER (MARKETING)

Delhi/Ghaziabad

The incumbent will be head of marketing organization reporting to Managing Director. He will be overall responsible for marketing & sales functions of all the products of the company including development & implementing marketing strategies & plans, launching of company's products and establishing and controlling complete infrastructure for sales distribution on all India basis. The company proposes to appoint a network of about 100 dealers all over the country.

The candidate should have operated at a senior level in the sales function of a well run large/medium size professionally managed company and have 10/15 years experience in marketing of Pumps & Motors. Age around 35-40.

REGIONAL MANAGER (MARKETING)

Delhi/Ghaziabad

The incumbent will be in senior management cadre reporting to GM (Marketing). He will be responsible for control of sales operations, formulating sales plans & strategies and their implementation, organizing marketing network, sales promotion etc. of Northern region and will be acting as profit centre for the organization.

The candidate should be graduate with M.B.A. or B.E. Mechanical/Electrical and have a minimum of 8-10 years experience in marketing of Pumps & Motors. Age around 30-35.

Persons working as Senior Executives of reputed Pumps & Motors Companies like **Kirloskar, KSB, Calama, Greaves Cotton, Mather Platt, Worthington, Crompton, Siemens, NGEF, Batliboi** etc. and fully conversant with dealer network will be highly preferred. Compensation package will be best in the industry and will not be a limiting factor. Please write in confidence within 10 days with detailed biodata and passport size photograph:

CONTINENTAL
PUMPS & MOTORS LIMITED

G.T. Road, Mohan Nagar, Ghaziabad (U.P.)
Phones: 8732618, 8731971

Regd. Office: D-5 Maharani Bagh, New Delhi–110 065
Ph: 6837779

PRESSMAN

MANAGER — MARKETING

Based at Hyderabad.

Pacific Telecommunications and Instruments Limited, is manufacturing subscriber and telecommunications accessories such as payphone, call monitors etc., besides carrier base band multiplex equipment with branches in all metropolitan cities.

The incumbent should be a go-getter, self confident person capable of developing sales strategy and directing field effort through a team of qualified professionals with an urge for results in the near-term and in the long term.

He should be preferably an Engineering Graduate with marketing background of atleast 10 years out of which 5 years should be in a senior position and in the field of marketing consumer durables.

Remuneration package is not a constraint for outstanding professional.

Write in full confidence within 10 days giving detailed resume and expected terms to:

PACTEL
Innovative telecom products.

The Managing Director,
Pacific Telecommunications and Instruments Limited,
105, Sardar Patel Colony,
Trimulgherry,
Secunderabad-500 015 (A.P.)

**Application will be treated in strict confidence.*

akaar:04/91

EAST WEST
TRAVEL & TRADE LINKS PVT. LTD.

INDIA'S NO 1 TRAVEL HOUSE

REQUIRES

COMPANY SECRETARY

We are on the lookout for a Company Secretary to be based at our Head Office in Bombay.

The incumbent must have relevant qualifications and a thorough knowledge of the Share Market with a minimum of 5 years' experience in a Limited Company.

Salary will match qualifications and experience.

Please apply within 10 days, superscribing the envelope with the post applied for, to:

The Managing Director
East West Travel & Trade Links Pvt. Ltd.
2-4/B, Silver Apartments,
Shankar Ghanekar Road,
Dadar, Bombay 400 028.

Personal queries and phone calls will not be entertained

Andhra Pradesh Rayons Limited

Andhra Pradesh Rayons Limited is an associate of Ballarpur Industries Limited, the flagship company of the Thapar Group. It is engaged in the manufacture of Rayon-Grade pulp for viscose staple fibre and filament yarn. It has plans to set up a new Viscose Staple Fibre plant and is also planning to modernise its existing unit.

We require

MANAGER R&D
DEPUTY MANAGER R&D

Doctorate in Chemical Engineering, Organic/ Applied/Analytical Chemistry. Degree in Chemical Engineering or Paper Technology. Post Graduate degree in Chemistry.

Applicants, in the age group of 40-45 years, should have about 15 years of experience in Quality Control function/Process Control, Effluent Treatment and R&D activities in Rayon Grade pulp or in any other Pulp processing industry, of which atleast 5 years should have been in a senior position along with administrative responsibilities.

The person will report to the head of the unit and will be responsible for enforcing stringent standards in the quality of raw materials and intermediaries to ensure production of the highest quality. He will also be responsible for developing alternative sources of raw materials, a more viable wood-mix, and for cost reduction. He will be expected to provide leadership and motivation to a team of Quality Control personnel and to foster a progressive culture where Quality is built in, not just inspected.

Posting will be at the factory in Kamalapuram in Warangal District of Andhra Pradesh. The unit has a self-contained township with all amenities. Salary and perquisites will be attractive.

This is a Senior Management position. Please apply in strict confidence, giving full particulars of age, qualifications, experience, salary drawn and expected within 10 days to:

General Manager
A P Rayons Limited
1-2-597/15, Gagan Mahal
P.B. No. 1053
Hyderabad 500 029

The Thapar Group

SURUCHI

न्यूक्लियर पावर कार्पोरेशन
(भारत सरकार का उद्यम)

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(A Govt. of India Enterprise)

REQUIRES

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NPC, a premier public sector institution, is involved in design, construction, operation and Maintenance of Nuclear Power Stations. The projected expansion plan makes NPC one of the fastest growing organisations in the public sector.

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Qualifications: Candidates should have passed Inter CA/Inter ICWA. CAs/ICWAs may also apply & if selected will be offered advance increments.

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Please apply giving following details:

1) Post applied for. 2) Name in BLOCK letters
3) Date of Birth. 4) Sex
5) Nationality. 6) Category (SC/ST, Ex-Servicemen or General)
7) Address in BLOCK letters for correspondence
8) Educational Qualifications: Examination passed, Year of Passing, Subject of Specialisation, percentage of marks (in aggregate)
9) Experience including defence service on a separate sheet in full detail
10) Attested copies in proof of age, education & caste should be enclosed

Candidates employed in Government, Autonomous or Public Sector must enclose an NOC from the employer.

Please apply within 15 days from the date of publication of this advertisement to: **The Manager (HRD), Nuclear Power Corporation,Centre 1, 16th Floor, World Trade Centre, Cuffe Parade, Bombay-400 005,superscribing the envelope with the words "Assistant Manager (F&A)".**

Canco/NPC/330/91/C

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1. Senior Project Engineer

Graduate in Chemical Engineering with atleast 4 years experience in petrochemical projects at key levels of coordinating with Process Licensors and Consultants, providing technical inputs and reviewing basic and detail engineering and working through to completion. Wide technical background, ability to communicate and initiative in expediting project implementation essential.

2. Senior Instrument Engineer

Graduate in Electronic Engineering with atleast 4 years experience in petrochemical projects involving electronic process control systems including SCADA, PLC and DCS. Ability to interact with process engineers, consultants, vendors for developing control philosophy and hardware procurement specifications from basic engineering packages essential.

3. Process Engineer

Graduate Chemical Engineer with atleast 3 years experience in preparing basic engineering packages for organic and petrochemical processes. Ability to prepare/review equipment and piping specifications, flowsheets, piping drawings with use of computer desirable.

Age: Upper age limit for these posts is 35 years but relaxable in case of exceptional qualifications/ experience.

The above posts carry attractive salary and perquisites; however no housing can be provided.

Applications with full bio-data, present/expected salary and two references should reach within 10 days of this advertisement to:

General Manager (Projects)
POLYCHEM LIMITED
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Goregaon (West)
Bombay 400 062.

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Compensation offered is highly attractive and matches the best. All applications will be treated in strict confidence.

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SESAKA/0491

I N T A C H

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The incumbent should be a Senior Manager with a proven capacity to handle a wide variety of interactions with dedicated volunteers manning the Chapters and experts in various fields, and to liaise with the Central and State Governments on related issues.

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Secretary
Indian National Trust for Art & Cultural Heritage
71, Lodhi Estate, NEW DELHI-110 003.

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Candidate with systems orientation and experience in international negotiations preferred. He should be prepared to travel abroad.

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This position is of critical importance to the Organisation. The incumbent enjoys a high degree of freedom of action to achieve targets. ICIM's "Pay for Performance" principle ensures career growth and other rewards linked to results produced.

We offer the best in the industry in terms of compensation package, management practices and work environment. Top management perks include car with driver, leased accommodation with hard/soft furnishing, servant's allowance, club membership, etc.

Candidates meeting the job requirements may please apply in strict confidence within 10 days indicating age, qualifications, experience, present/expected salary details, and contact telephone number, along with a passport-size photograph. The envelope should be superscribed with the name of the post applied for. Please write or call for appointment [Pune : (0212) 681286/680287],to :

J.M. Rao
VICE PRESIDENT - HUMAN RESOURCES
International Computers Indian Manufacture Limited
Nagar Road, Pune 411014

91-143

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U.S.A.
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Phone: 708-543-0810

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Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/5662".

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PERSONNEL SELECTION DIVISION

We have been retained by a renowned 100% EXPORT HOUSE with world-wide exports of over Rs. 100 crores per annum to advice on selection of a hardcore marketing professional for the position of

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The incumbent should be a graduate Male/Female.

He/She should be willing to travel extensively after training and orientation in Company's product lines. Preference will be given to candidates with knowledge of few foreign languages. The incumbent will be trained in India and abroad for a short period and final posting will be on a permanent basis abroad. The incumbent will be required to travel extensively all over the world for attending to existing clients, developing new clients and markets through marketing research and surveys. The incumbent should possess pleasing personality, excellent communication skills and flair for marketing. Preferred age around 25 years. The incumbent with post graduation from IIFT will be preferred.

The Company will offer excellent growth prospects and very attractive remuneration package.

Please send your detailed resume with two passport size photographs within 10 days to:

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Direct Mail, the world's largest advertising medium is on the threshold of a breakthrough in India. You can get on the fast-moving Datamatics Direct bandwagon if you have an office with a telephone and supportive infrastructure.

The rewards are uplifting, we assure you. All you have to do is market the 7 million strong – divided into 190 categories or target groups – database of Datamatics Direct. Datamatics Direct already has a client-list of over 40 blue-chip companies.

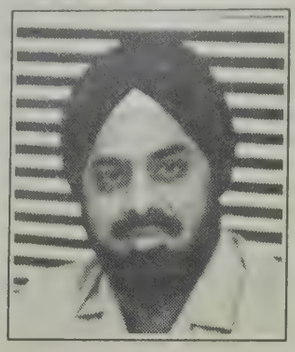
If you are a marketing or advertising professional with independent supportive infrastructure facilities, write to the:

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Datamatics Direct
Eucharistic Congress Building III,
5, Convent Street,
Bombay 400 039.

Dragon



K.N. Venkatasubramanian has been appointed chairman of Indian Oil Corporation Ltd.



Hardeep Singh has been promoted as president of Polar International Ltd.



A. Krishnamurthy has taken over as director-in-charge of Kudremukh Iron Ore Company Ltd.



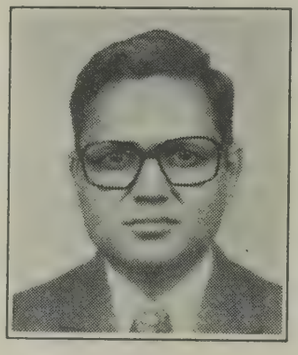
Dewang Mehta has joined the National Association of Software and Service Companies as executive director.



Prakash Bhatia has taken over as director, mordernisation, of Durgapur Steel Plant.



Sunil K. Dey has joined Usha Rectifier Corporation (India) Ltd as vice president, project.



Prem Kumar has joined National Fertilizers Ltd as general manager of the Nangal unit.



Prem Mehta has been promoted as deputy chief executive of Lintas:India.

M.J. Pherwani has assumed additional charge as chairman and managing director of the National Housing Bank.

Prabhakar Karandikar has been appointed chief executive officer of the Maharashtra Industrial Development Corporation.

Deepak Dheer has been appointed general manager, corporate planning, of HMT.

P.P. Chandna has been promoted as general manager, expansion, of National Fertilizers Ltd, Vijaipur.

Chandru Sippy has joined Stuad Marketing Consultants as president, west.

C. Bhattacharya has taken over as deputy general manager of State Bank of India, Ahmedabad zonal office.

M.P. Cariappa has taken over as sales manager of Holiday Inn, Bombay, and Majorda Beach Resort, Goa.

ASSOCIATIONS

Inder Sharma has been elected chairman of Pacific Asia Travel Association.

N.M. Rohira has been re-elected vice-president of the Chamber of Income Tax Consultants.

Tanil R. Kilachand and **Shekhar Bajaj** have been elected president and vice-president of the Indian Merchants' Chamber.

R.P. Malhotra and **Aroon Kumar Jain** have been elected president and vice-president, respectively, of the Steel Re-Rollers Association of Maharashtra.

K.C. Jain has been co-opted on the committee for members in industry of the Institute of Chartered Accountants of India.

Proving his worth



Vellayan, *38, is president, Tube Investments of India Ltd*

president of the flagship company of e Madras-based Rs.300-crore Muru-ppa group, Vellayan has a point to ove. That he is where he is because of s talent and calibre, and not because he the son of M.V. Arunachalam, managing rector of Tube Investments of India Ltd. Vellayan's academic career was care-lly charted out, "by my father and my ncle", he recalls. After schooling in adras, and Doon School, Dehradun, he ined Shriram College of Commerce, w Delhi in 1968, for his degree. Next me a stint abroad — work with the oup's collaborators, Diamond Chain K, a diploma in industrial administra-on from Aston University, UK and a asters degree in business studies from e Warwick Business School, UK.

ange in conditions. Vellayan was in-cted into the Murugappa group in 76, as marketing services manager, be Products of India Limited. In the llers' market that prevailed at that ne, Vellayan's role was two-pronged — maintain customer contact and to con-y customer needs to the management. here was an urgent need for customer entation," he says.

His next job as general manager, im-rts division of TI & M Ltd (the sales ency division of the group), initiated layan into the intricacies of overseas rketing. "At this point, my job involved ling the services of our company to for-n principals," he explains. Several well known names — Daihatsu, VAW, Reform and Matrix Churchill, UK — came into the TI & M fold while he was handling this portfolio.

In 1986, Vellayan took charge of TI & M as managing director. During his tenure, he added a profitable line to the group's business — that of furnishing fabrics and carpets, a Delhi-based operation which commenced in 1987. "We now manufacture a wide range of floor coverings," he comments. He zoomed in on the US and tied up with importers and departmental stores for the export of floor coverings. Currently, exports from this division is valued at Rs.7.5 crore. "It was a tremendous experience," he enthuses.

Vellayan's attempt at setting up a surgical gloves plant failed to take off. "But the exit was made in time, to cut losses," he says. "Attempts at setting up new ventures are always encouraged by the family."

From exports, Vellayan shifted to the running of TI Diamond Chain Ltd as its managing director, in 1987. This gave him insight into the functioning of a manufacturing organisation. Vellayan's entry coincided with the introduction of the upgraded diamond chains into the market with the result that the company soon notched up a 50 per cent market share for this product. "I then felt that I should go international, especially since TI now makes its diamond chains 7 per cent cheaper than Taiwan," says Vellayan. It is now actively exploring markets in the US and Europe.

Meanwhile, in December 1989, Vellayan assumed charge as president of Tube Investments of India Ltd. He wants TIIL "to emerge as the market leader in cycles, chains, metal sections and tubes and to become the leading regional brand in strips". And his eye is trained on the export market for cycles, chains and metal sections. Exports of cycles and chains doubled to Rs.10 crore during 1990-91.

Vellayan is actively associated with the Federation of Indian Export Organisations (FIEO), and has served as its regional chairman since 1981. Married and with two sons, Vellayan's pastime still includes tennis, yoga and swimming.

■ DHARANI K. PANI

FRONTRUNNERS



As senior manager at Karnataka Antibiotics & Pharmaceuticals Ltd, **A. Dronachala Setty**, 36, manages the finances of the small but highly successful public-sector company in Bangalore. A commerce graduate from Sagar in Karnataka, Setty became a qualified chartered accountant and company secretary before joining a small firm called Chamundi Machine Tools in Bangalore.

His first big move was when he joined the multinational pharmaceutical firm Astra-IDL, where he worked for nine years in capacities ranging from management accountant to company secretary.

In February 1989 Setty moved to KAPL. "The time spent in Astra-IDL was long. I wanted to shift," he says. "KAPL works almost like a private-sector company. It is professionally managed and growing fast. I want to grow with it," says Setty.

— D.P.



At 34, **Ashish Guha**, is vice-president of Credit Capital Finance Corporation Ltd. An economics graduate from Calcutta University, Guha began as a trainee with a small management consultancy firm in Calcutta. Later, he started his own foreign exchange brokerage house.

In 1982, he shifted to Bombay, and for three years was an active foreign exchange dealer for DSP Financial Consultants Ltd. In 1985, he joined Credit Capital Finance as manager, foreign exchange division, and within three years, rose to his present position. Apart from supervising foreign exchange dealings, he now handles portfolio management also.

With a tight 12-hour working schedule, Guha has little spare time to pursue his hobbies. But he says, "I love figures. I enjoy my work."

— M H

GOLF

A pursuit for the rich

A robust soccer player disdainful of golf was persuaded recently to try his hand at the game. It seemed an easy enough task, hitting a stationary ball with a stick, and the soccer player was confident of success. "We showed him how to hold the club," recalls Raman Sidhu, manager, business development, Barclays Bank, "but when he swung it, he not only missed the ball, he even went round in a circle!" The soccer player's forceful hand sent him spinning twice before he actually hit the ball — only to send it way out of bounds.

Unlike Sidhu's soccer-playing friend, many executives are addicted to the game, spending patient hours on the 100-odd golf courses all over the country to hone their skills, exercise their bodies, improve concentration powers — and strengthen business ties with fellow golfers. S.P. Gaekwad, the blue-blooded chairman and managing director of Baroda Rayon, has been playing for seven years; Keshub Mahindra and Russi Mody are known to be good golfers. Ashda Lalvani, director of Advani Oerlikon in Bangalore, took to it as a form of exercise — and got addicted. Bunty Peerbhoy, director of MAA Communications, Bangalore, got dragged into golf by friends, and today finds the game has therapeutic value. William Scrivens, managing director of Birla 3M, carried golf clubs as a 12-year-old to earn pocket money. He has been playing for 34 years. Pune-based S.L. Kirloskar, in his eighties, still swings a club.

Old man's game?

While most golfers maintain that the game can be played by anyone from six to 90 years of age, traditionally, golf has been known as an old man's game. For one thing, hitting an unmoving ball on a gentle rolling green does not seem strenuous enough to attract the young. For another, as Bombay-based architect Prakash Mankar explains, young professionals are too busy building their careers to be able to spare time for a four-hour game. But by the time they've turned 40 — the age at which he took up golf — they've attained a certain success in their careers. More important, they are by then in a position to afford what is still a rich man's game in India. Says Gulab Kalani, director, Gemini Global Lighting: "I took up golf in my 40s, but I wish I'd started earlier!"

It was the British who popularised the game here; they built the Royal Calcutta Golf Club Course — the second oldest in the world outside England — in 1829. These days, while golf is attaining popularity in India, a scarcity of public courses makes it accessible only to those who can afford club membership. The United Services Club in Bombay, for instance, charges Rs.7,500 for golf membership per year and admits only 250 civilian members. In Bangalore, three of five courses belong to the defence services. The two open to the public — Bangalore Golf Club and Karnataka Golf Association — charge Rs.10,000 as admission fee and Rs.50 per month. Corporate memberships here cost Rs.1 lakh, and associate members pay Rs.20,000. Says Commander B.S. Hothi who gave up athletics, sailing and shooting for golf: "The cheapest golf game in the world may be had in India."

Imported equipment

In addition to club membership costs, golfers must buy imported equipment for nothing is manufactured here. A good set can put the player back by about US$500, not counting customs duty. (As N.K. Pudumjee, golf captain of the Poona Club says, golf sets are too bulky to smuggle in!) New balls cost Rs.25 to Rs.55 each. In addition to caddies, most people employ *aagewallas* for a small fee to locate the precious balls — a practice considered unnecessary abroad. Often, the low-paid *aagewallas* and caddies are tempted to hide a ball after a wild shot and sell them later, for Rs.10 to Rs.15 — a service that many golfers are forced to appreciate.

"The government's attitude is peculiar," observes Gaekwad. "Normally whatever cannot be manufactured in India can be brought in on nominal duty, but golf gets no such concessions. Other country's airlines also give weight concessions on golf sets," he says. The complaint is vociferously echoed by golfers all over the country, many of whom opt for second-hand equipment. Even these are priced at Rs.3,000 for a 10-year-old set, according to Suresh Khilnani, a hotel owner in Pune.

There are less than



Scrivens: mixing pleasure and exercise

,000 golfers in India, estimates Pudum-, compared to approximately four mil-n golfers in America. Adds Gaekwad: here are not enough golfers here for anufacturing facilities to be worth-nile." If cheaper, indigenous equipment as available, perhaps more Indians ould take to the game? "How many?" eries Gaekwad. "There are no public urses and club memberships are not sy to obtain."

With the Delhi Development Author-'s new course, a beginning seems to ve been made towards introducing blic courses. Gaekwad feels the govern-ent should subsidise the setting up of lf courses as they are environment-endly and would attract foreign tour-ts. He himself plans to start a sports ntre near Bombay complete with hous-g facilities. "When the husband plays lf there," he says, "the wife and children ould also be involved in some sport."

Meanwhile, as Japanese golfers head wards Delhi because golf is cheaper for em here than in their own country, me fortunate Indians go abroad on lfing holidays. Almost every year, dumjee gets together with three ends ("not wives, they'd be bored iff"), and sets off to play. "There are 60 lf courses in and around Bangkok one," says the 70-year-old, his eyes hting up, as he pulls out a copy of the ok *Golf Thailand*. "We hire an air-nditioned mini-van, and go around, aying for 10 days. The caddies, by the y, are women!"

When visitors from abroad come to dia on business, executives usually find useful to take them to a golf game. As dhu says, there are few leisure options Bombay. More important, however, is e fact that golf has a tremendous capac-to break barriers. Hoshang Eduljee, ne branch manager of Mahindra and ahindra Ltd, explains: "So many prob-ms can be overcome merely by knowing 're talking to another golfer. The game one part of it, but the fellowship is like unwritten society." Cdr Hothi puts it nother way: "Status does not matter nen you know you have golf in common."

siness on the course

re business deals actually conducted the golf course? Opinions vary. "Busi-ss deals can be conducted on the rse," feels Richard Sowter, technical visor, Tata-BP Solar in Bangalore. "One n discuss broader issues on the course d clinch deals in the office." Anil Bhan-dary, a prominent coffee planter and former chairman, Karnataka Planters' Association, says: "I know people who played golf together and signed the agreement the next day. Scrivens, however, feels that while barriers can be broken, business deals cannot be conducted.

Meanwhile, companies are finding it worth their while to promote the game. At one level, they encourage their own staff to play, as Mahindra and TISCO do. At another level, corporate sponsorship of tournaments is gaining ground — so many tournaments take place, according to Sidhu, that he is forced to participate only so he can have access to the course! Herbertsons, for example, recently sponsored the Royal Treasure Open in Bombay. "We're trying to promote white rum, which is an upmarket drink," explains Mukesh Khetarpal, general marketing manager, Herbertsons Limited. "Golf is an upmarket game, but is still affordable enough to sponsor. If you were trying to promote a more popular game like cricket, you could spend upto Rs.50 lakh. We spent Rs.2.5 lakh on the tournament." The UB group has also held an annual in-house golfing event for the last four years.

What actually happens on the golf course? Consider expert Ratan Dayal's point of view, reproduced from *Golfingly Yours*, the official journal of the Indian Golf Union. "For a start, he (the golfer) arrives looking like a cross between a circus clown and a gorilla. This may well be in the fitness of things since he expects to perform in both capacities, but it is a trifle disturbing. No sooner has one got used to the sight when, without so much as a warning, he starts reaching for his toes, arching his back, and flexing his muscles in a manner which makes one painfully aware of our anthropological connections...

"Then hell breaks loose. Suddenly, with a speed and daring matched in the annals of history by the Charge of the Light Brigade, our friend has turned upon the unsuspecting ball. Hereabouts, the picture becomes a bit blurred. Its main ingredients are a swish, clods of earth, hewn grass and all that one associates with a mild earthquake. When the dust has settled, it becomes evident that only the ball has managed to retain its composure..."

■ MENKA SHIVDASANI in Bombay with DEVAPRASAD PUROKAYASTHA in Bangalore

Golfing glossary

When golfers have a 'handicap', they are not referring to physical or mental ones. Here is a sample of some of their colourful terminology, and what it means.

Par: This refers to the number of shots ideally required to get the ball into the hole. Par three, for example, means three shots are allowed over a specified distance.

Bogey: To the English and Indians, this is a synonym for 'Par'. Americans use 'Bogey' to mean 'one-over'.

One-over: The player uses one shot more than par to get his ball in the hole.

Birdie: This is good news; he uses one shot less than par.

Eagle: This is better, being two shots less than par.

Albatross: The Ancient Mariner saw the albatross as a disaster, but for a golfer, this is wonderful. It means he or she has used three shots less than required for success.

Hole-in-one: As the name suggests, the ball gets into the hole with one brilliant shot.

Handicap: This refers to the number of extra shots the player is allowed over the course par. It is decided on the number of shots the player generally needs over and above par. It is the handicapping system which makes it possible for six-year-olds to pit their skills against 60-year-olds.

Rub of the grin



Golfingly Yours

"It's OK... that's just a little ritual when he birdies..."



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HYDERABAD

Bangles burning bright



The chaotic stream of traffic takes one past the two large gates that open into the old city of Hyderabad, past the pearl markets and the towering minarets of the Charminar. Along the narrow streets are crammed tiny shops. They have modest interiors — no marble chrome, granite or tinted glass. They don't need to: the goods they sell glint and sparkle in a thousand hues. The shop walls are lined with shelves full of them — thousands upon thousands of bangles.

This is Laad Bazaar or Chudi Bazaar, an absolute 'must-see' for any tourist to this medieval city. Like so many other Hyderabadi landmarks, the name itself has romantic associations. A tunnel runs below Laad Bazaar, connecting the Charminar area to the Golconda fort. Quli Qutub Shah, the founder of Hyderabad, used the tunnel to rendezvous with his lover. Hence the name *Laad* or love.

Sea of humanity

The bazaar is a sea of humanity. Burkha-clad women peer anxiously from behind their veils as the sellers slip bangle after bangle onto their wrists. Beside them, groups of foreigners exclaim at the riot of colours and designs, and most of all at the extraordinarily low prices for a handicraft. Photographs are taken and Mansoor Ahmed of Mujeeb Bangles and Jewellery poses with unmistakable pride for an American tourist. Bargaining is inevitable. "Fifty rupees," says the bangle seller. Fifteen minutes' hard haggling later, the customer walks off with a pair, for ten rupees.



The bangles sold here are made of various ingredients — lac, stone, glass and pearls. The glass bangles come from Ferozabad in Uttar Pradesh. But it is the *goot* or lac bangles for which Hyderabad is traditionally known. On the lac are embedded garnets, blue onyx, golden topaz or Indian stones like *rajvarti*. Some bangles have designs embossed on them. The creamy white pearl bangles are made from riceseed pearls and generally form part of a set of necklace and earrings. Another popular bangle is a broad lac with twinkling white stones. Depending on the quality of the stone, a pair can cost up to Rs.1,000. The bangles have royal names like *Hayaz Begum ki kangan*, named after one of the Qutub Shahi begums. Some other fascinating names are *Got Got Ka Jawab* and *Chamki Ka Jawab*.

Special varieties

These *chudis* have remained an integral part of Hyderabadi life for generations. There are, for example, special bangles to be purchased from Laad Bazaar for weddings called *Balpathi Ka Joda*. It is a set of 30 bangles for the Muslim bride. The price begins at Rs.35 and if the girl wants an expensive pair, the shopowner takes a special order: the bangles can be delivered in two days. Hindu customers favour a specially made variety — set with red and white stones and rather inaptly called *dharmveer*. Those with green and white stones are meant for the Muslim bride.

Each bangle is the painstaking handiwork of craftsmen who work in the most dismal part of the old city. Often, a group of 10 artisans are crammed into a verandah, hunched over their work tables. Piercing through the gloom are the twinkling stones, scattered all around the men amid pots of glue. Ahmed, a second generation *Karigar* (craftsman), demonstrates how he fixes the stones on a bangle while gripping a pot of glue between his knees. Typically, a craftsman makes four sets of bangles a day, for which he is paid about Rs.30.

Unlike other dying crafts, the bangle industry — originally patronised by the royal family — has stood the test of time and become a flourishing trade. Mansoor Ahmed explains that the craftsmen have now formed the Janata Bangle Industries Co-operative Society, the first co-operative. They export their bangles to the Middle East, chiefly Dubai and Saudi Arabia. Ahmed explains that craftsmen like him teach others their art through workshops organised by the government.

Late in the evening, the colours of Laad Bazaar come alive. The poetry of the bard of Hyderabad, Sarojini Naidu, captures the essence of the place:

"Bangle sellers are we who bear
our shining load to the temple fair
Who will buy these delicate bright,
rainbow tinted circles of light,
Lustrous tokens of radiant lives
for happy daughters and wives".

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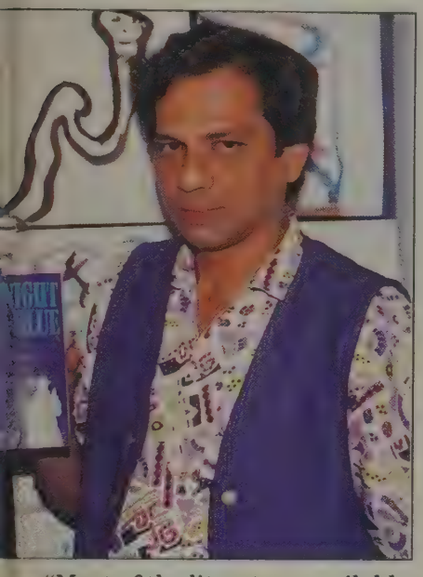
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It's been a "pleasurable effort" and it has given him a "terrific sense of achievement." It is a detective story, written in a racy style. And he is **Ahmed Bunglowala**, public relations manager at Thermax. A long-time admirer of Dashiell Hammett and Raymond Chandler, Bunglowala's first book "Midnight Blue" is in the tradition of these masters.

And for Bunglowala, this, is only the beginning. The Pune-based corporate manager has now set his sights on erotica.



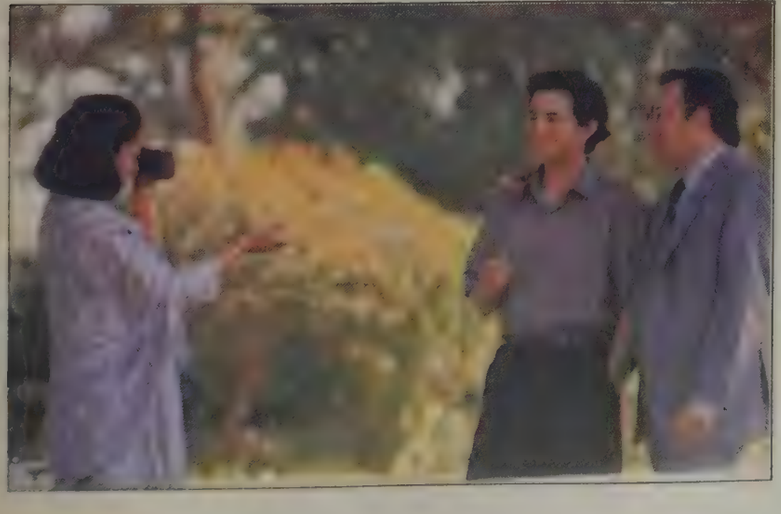
"Most of the literature available on erotica is nothing but porn," he says. "But I plan to write a good literary work on the subject, something akin to what Anais Nim, the high priestess of erotica has produced."

Saba, Soha and Saif may not be the most easily recognised names in Indian advertising. But the campaign in which they have starred along with their celebrity parents definitely ranks high in recall. The ad, of course, is the much touted five-year-old series for Gwalior Suitings. According to advertising sources, the family is being paid Rs.5 lakh per year for their efforts.

Tiger and Sharmila Pataudi, chosen because the client and the agency wanted to project a classy image, did not disappoint. Sales shot up significantly. Last year, in order to keep the interest alive, daughters Saba and Soha were roped into the ads and last fortnight, the son. Twenty-year-old Saif, who has already set many a young heart aflutter, is expected to attract the younger segment of the market.

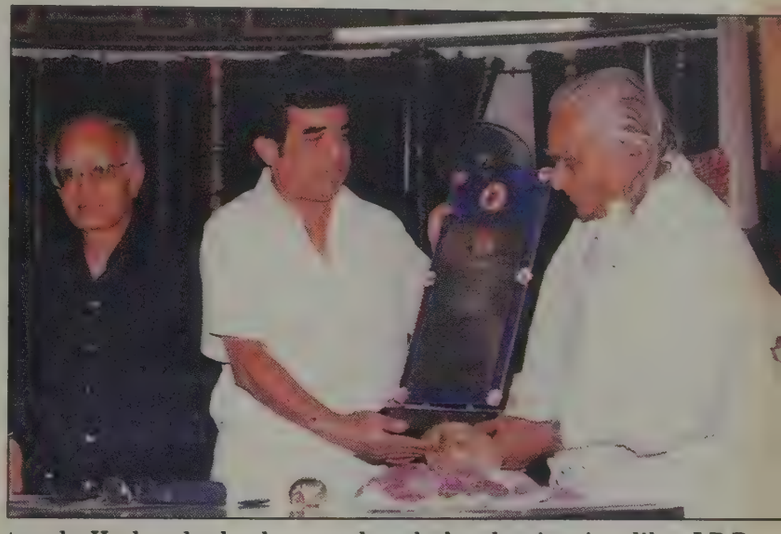
The problem: **James Fredrick**, chairman, Coromandel Indag, wants to join a club in Madras, and finds the waiting list too long. The solution: he sets up a company, Coromandel Clubs Private Limited, to run a chain of speciality clubs at various locations. The first of these, 'The Coromandel Club', is to be a country retreat at Sriperumbudur on the outskirts of Madras. Involving an investment of Rs.5.5 crore, it will emphasise recreational facilities.

The next project will be a business club in the heart of the city, followed by a beach resort. Individual members will have to shell out a c-o-o-o-l Rs.40,000 while corporate membership for Madras-based firms is fixed at Rs.60,000. Fredrick has put together a board of governors which includes industrialists Vijay Mallya, M.A.M. Ramaswamy and Obul Reddy, cricketer K. Srikanth and G. Ramaswamy, the attorney general of India.





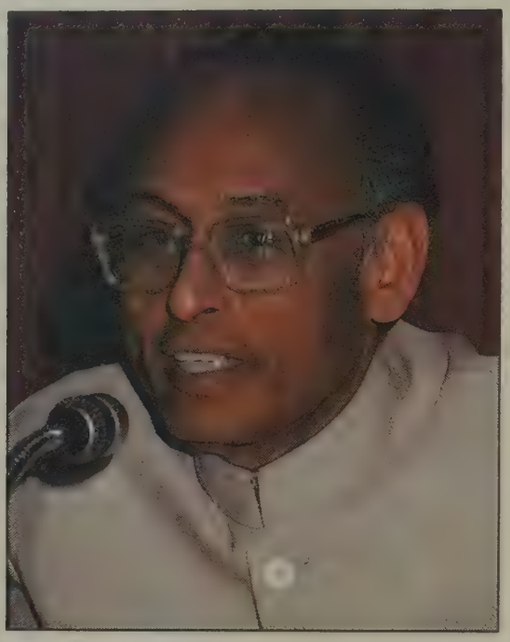
Neelkanth Kalyani, the brain behind some of the most modern companies around (Bharat Forge, Kalyani Steels, etc), hasn't lost the ethnic touch. He has had a long and close association with B.K.S. Iyengar, the internationally acclaimed yoga guru. Recently, when Iyengar was felicitated by the mayor of Pune, Kalyani a keen yoga practitioner himself, was in the forefront of the citizenry which paid glowing tributes to the guru for his role in propagating yoga throughout the world. Perhaps yoga is the reason why Kalyani is physically fit and agile and works very long hours.



Lakshmi Venkatesan, the UK-based daughter of the Indian President is making headlines. She was recently in New Delhi to float the Bharatiya Yuva Shakti Trust (BYST), in the process, attempting to duplicate in India what Prince Charles has already done in England — helping underprivileged yet enterprising men and women to set up their businesses. The board of trustees includes luminaries like J.R.D. Tata, H.P. Nanda, Russi Modi, J.N. Sapru and Rajan Pillai. BYST will provide the seed capital (up to Rs.50,000) at a nominal interest rate of 4 per cent. "We are not out to solve India's unemployment problem," says Venkatesan. "We are only establishing a role model for promoting enterprise in a section of the people who have not been fortunate enough."



A passage to Britain



The appointment of **L.M. Singhvi** *as India's High Commissioner to Britain comes soon after the controversial departure of his predecessor, veteran journalist Kuldip Nayar. The Cambridge and Harvard-educated jurist and academician turned diplomat, Singhvi is also chairman of the steering committee of the Indo-British Forum of Judges and Lawyers, life trustee of the India International Centre and in 1990, was president of the World Congress on Human Rights. Singhvi is going at a time when both countries are passing through troubled times. India is besieged by political and economic uncertainty, while Britain is in a recessionary phase. He spoke to Indira Khanna of* Business India *before leaving for London to assume charge*

What priorities have you set for yourself once you take charge?
Three areas will receive particular attention. One is to create durable mechanisms at the political level to project India and its strengths. This will be done through conventional diplomatic channels as well as through people-to-people and business-to-business interaction. India and Britain should also get to know each other better and work together on international issues.

On the cultural front, I want to see that the Nehru Centre, set up some time ago, gets going. This will lead to a closer interface with the Indians living in Britain, that is, the Indogenic population there.

Finally, I want to increase British investment in India and promote more joint ventures as well as equity and technical tie-ups. Britain is no longer the largest foreign collaborator in India as it historically was. Currently, British investment in India is also only a small percentage of what it could be and should be.

India's image abroad is deteriorating rapidly. How do you plan to rectify this?
The image cannot be improved until the reality improves. I cannot build an image by falsifying the reality. But there is much to be said about the intrinsic strengths of the country which must be projected positively, like its large pool of skilled manpower resources. I would not undertake the promotion of a lost cause.

Which industries offer the best potential for joint ventures and collaborations?
That will be determined after gathering information on different businesses and industries. I want to see that task forces are constituted to identify opportunities for exporters and businessmen. These task forces must have strong databases and must arrive at informed conclusions.

The high commissions are to be faulted as they are unable to fulfil the information and other needs of businessmen. So businessmen must also create and update market information systems on their own and not depend too heavily on the embassies and high commissions. If businessmen are unable to proceed through these channels, they must find a way out on their own. They must not accept the government's alibis and lose their initiative.

There are many problems that need to be sorted out. But I do not want to raise hopes which cannot be fulfilled. Though I have a cabinet rank, I am only a representative of India in Britain. I cannot change the system.

How can Britain help India once trade barriers collapse in 1992?
I believe that India has to help itself. We have the potential to do so and should be prepared. It is no use expecting others to come to our help. Our export effort must be intensified, and our goods must become internationally competitive in terms of quality and price.

What steps are being taken to redress India's unfavourable trade balance with Britain?
Currently we are in a spot, but in the long run we will be able to rectify the imbalance. To do that our economic policies will have to be pragmatic, clear, and goal-oriented. The mid-term elections should prove to be a watershed event for the country.

Is it realistic to assume that bilateral trade between the two countries will improve soon, as Britain is facing a recession?
Peter Lilley, Britain's secretary of state for trade and industry, really believes that India is Britain's best bet for investments. I do not doubt his word.

However, we also cannot take Britain or any other country for that matter for granted. Money has its own inexorable logic and it moves to wherever the best options are available. Time is of the essence and we must keep pace with new developments in the world.

A joint chamber of commerce is the normal forum for commercial interaction between businessmen from two countries. But there is no Indo-British Chamber of Commerce. Is this not a hindrance?
It is. But then, we need to upgrade all bilateral relationships. We must infuse them with a new dynamism.

Scotland is emerging as a major commercial centre, particularly in the areas of banking and hi-tech industries. What steps will be taken to develop better contacts with the Scottish business community?
We will be taking an interest in all parts of Britain, even Wales. We will see that we are not too London-centred.

It is felt that dual citizenship will help the Indians in Britain to maintain closer ties with India. What do you think of this proposal?
It is a good suggestion. But it cannot be implemented all that easily. Certain amendments will have to be made in the Constitution before expatriate Indians can be granted dual citizenship.

For those who value taste



FORTRESS AT SHUHURJEYPORE, RAJPOOTANA
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From the Classic collection at ITC Ltd., Calcutta



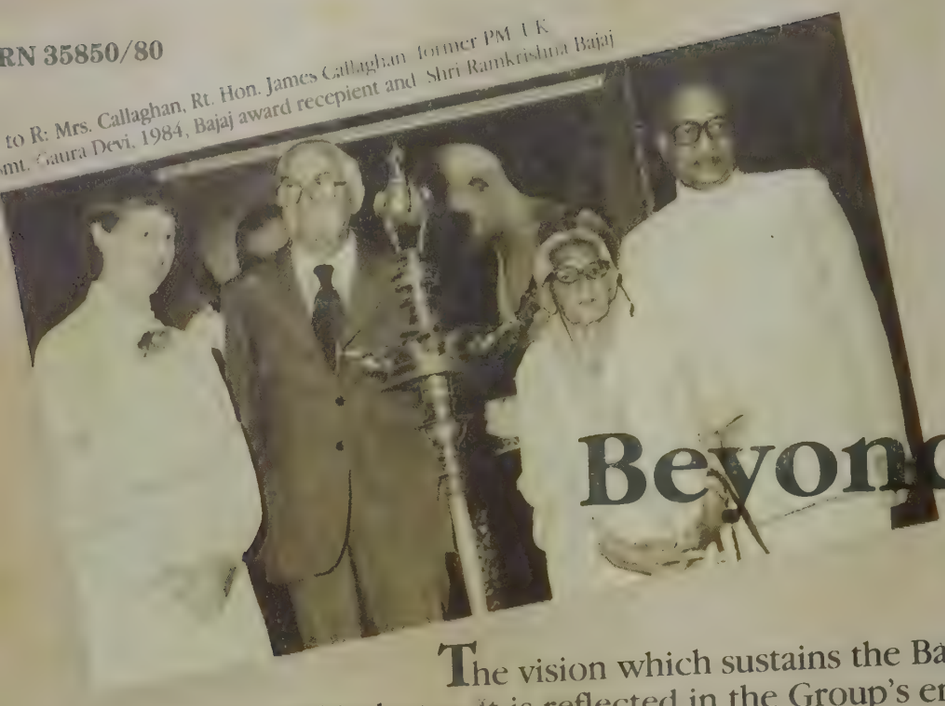
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mt. Gaura Devi, 1984, Bajaj award recepient and Shri Ramkrishna Bajaj

Beyond business

The vision which sustains the Bajaj Group transcends the realm of commerce and industry. It is reflected in the Group's endeavour to fulfil wider social obligations through charitable activities and by supporting public causes. A mission in which hundreds of millions of rupees have already been invested.

The first of the Group's trusts, the Jamnalal Bajaj Seva Trust, was established soon after his passing away. His entire share in the family wealth formed the initial corpus.

The Trust's Memorandum and Articles of Association were drafted by Mahatma Gandhi, who also signed as one of the witnesses. Amongst its activities, the Trust preserves the historic site of Bajaj Wadi at Wardha where many key decisions of the Indian National Congress were taken during India's freedom struggle.

It also made possible the prestigious Jamnalal Bajaj Institute of Management Studies, for the University of Bombay. The Trust is developing an international Sarvodaya centre, Vishvaneedam, at Bangalore, inspired by Acharya Vinoba Bhave.

Jamnalal Bajaj established the Shiksha Mandal educational society in 1912. The Bajaj Group is closely connected with the society which conducts commerce colleges in Wardha, Nagpur and Jabalpur, a science college, a rural institute and a rural engineering polytechnic at Wardha. Separately, there is the Kamalnayan Bajaj School at Akurdi, Pune.

The Kamalnayan Bajaj Charitable Trust constructed Gitai Mandir at Wardha, a unique monument circled by stanzas from the Gitai chiselled on 732 granite slabs.

The Jamnalal Bajaj Foundation, amongst its various activities, presents four awards annually of Rs. 100,000 each. For outstanding contributions in social work; the application of science and technology to rural development; and to women for significant work in the advancement and welfare of women and children. The fourth is an international award for individuals other than Indian citizens, for promoting Gandhian values abroad.

The Foundation recently assisted the University of Bombay in instituting the subject of "Ethics in Business" for post-graduate study at the Jamnalal Bajaj Institute.

The industrial companies in the Bajaj Group are active in promoting rural development in their environs; in Uttar Pradesh, Rajasthan and Maharashtra. In arranging inputs for improving agricultural productivity. Helping in lift irrigation and dairy development. Planting saplings in partnership with schools and villagers. Increasing water supplies.

For the centenary year of Jamnalal Bajaj, the Group has promoted many new centres. The Institute of Gandhian Studies at Wardha. The Mahatma Gandhi Centre for Science and Human Values at Bangalore. to explore how spiritual pursuits can be synthesised with scientific and technological research. The Department of Tropical Diseases at Sevagram Medical Hospital.

While business must certainly make profit, it must also contribute to a better quality of life for the millions who make the profit possible.



bajaj auto

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the magazine of the corporate world

April 15 to 28, 1991

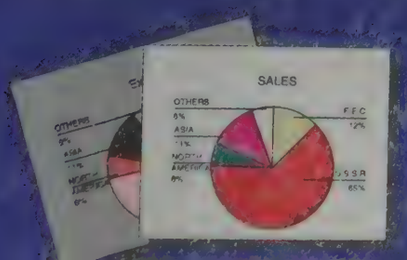
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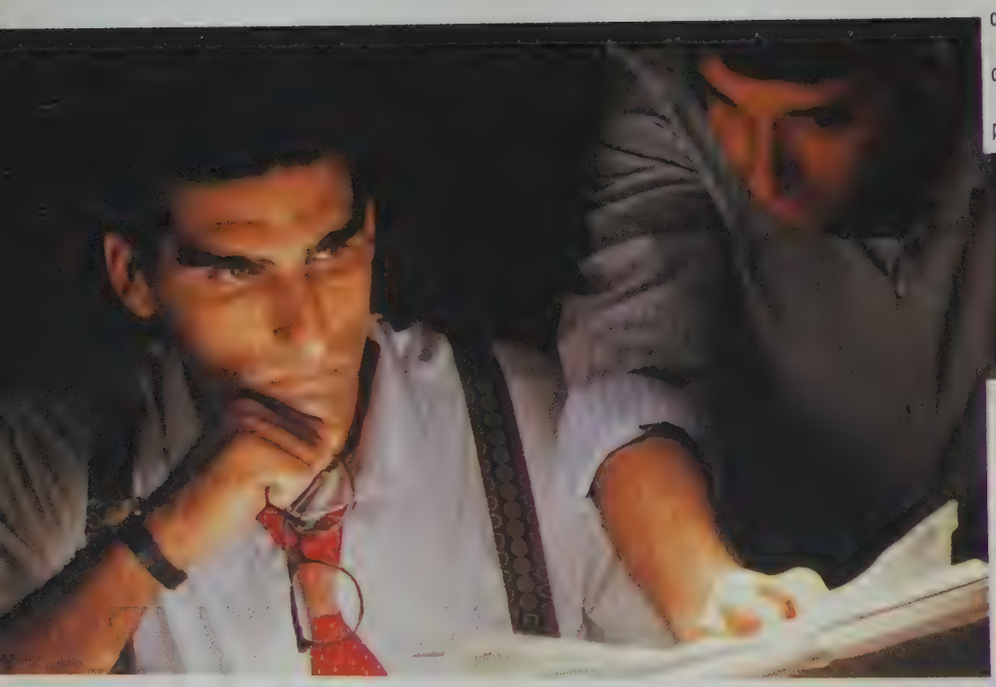


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Aluminium after decontrol
Vysya Bank's success
John Kapoor's

SOMETIMES YOU HAVE TO PAY A HEAVY PRICE FOR TAKING A WRONG BUSINESS DECISION. A FEW RUPEES. MAYBE.

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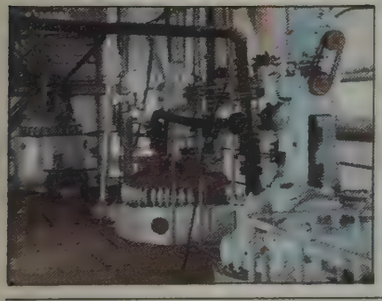
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LETTER FROM THE PUBLISHER

As our financial markets have become more scientific and sophisticated, the financial community has come to track corporate performance more closely. The stockmarkets, as a condition of listing, have required companies to report their earnings at half-yearly intervals.

In all this, the press, in particular the business press, has played an important role. Initially, companies were reluctant to speak about themselves and give details of their performance. On several occasions, we had reason to point out that the private sector was excessively secretive, and that even the largest of public limited companies believed in being as 'private' as possible. The secrecy was justified on the grounds that they were in the 'private sector', oblivious of the fact that thousands of shareholders, depositors and financial institutions had a legitimate interest in information about them. We also pointed out that the private sector ought to realise that greater flow of information and greater public awareness only help to promote healthy business practices and strengthen the private sector in the long run. We also pointed out that while the private sector rightly compared business conditions in India with the conditions in the West, they ought to also apply the same standards of disclosure as were applicable in the West.

As a result of the greater flow of information, it is now possible for individual investors and not just insiders to form rational investment judgements and decisions. In this time's cover story, *Business India* has once again taken the lead in trying to forecast the results for the top 120 companies in the country. We put a team of our reporters on the job, analysed half-yearly results and then started conducting a series of wide-ranging interviews. We contacted all the companies concerned, many of which were somewhat reluctant to part with their results for the period ending 31 March 1991. Many argued it was still too early to give exact results. Others said they would rather wait for their accounts and audit to be completed. Of course, not surprisingly, some companies with strong management information systems had a pretty good idea of their profits. We then talked to brokers and bankers, and studied industry trends. Thereafter, our in-house research team tried to get the best guesstimate of the results. It is important to emphasise that the figures we have given are merely best judgement estimates.

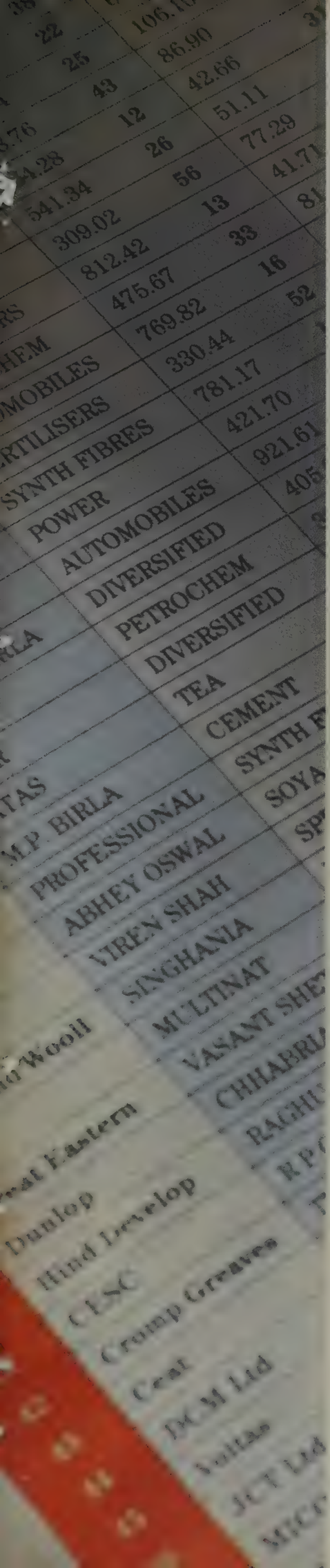
Such forecasting, while new in India, is very common in the West, and it will be interesting to judge our own performance when the actual results become available.

While the members of our team were gathering information, they also asked about how companies might perform in the coming year. After all, the Gulf War and the foreign exchange crunch came only late in the last financial year. Perhaps an indication of the shape of things to come is that some companies reported almost no profits in the second half of the year. The companies we talked to accounted for approximately 55 per cent of market capitalisation. Therefore, what happens to them will also indicate to some extent how the markets and the economy will fare in the coming year.

We are confident that our readers will enjoy going over the numbers as much as we did in putting them together.

Ashok H. Advani


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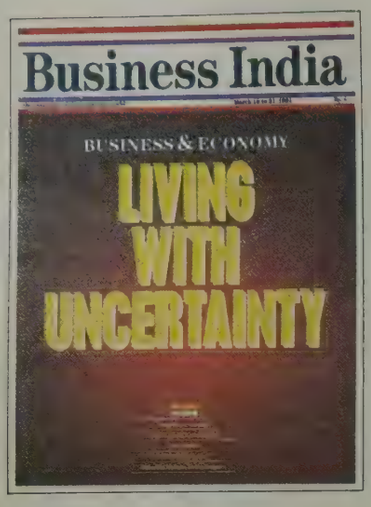


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LETTERS TO THE EDITOR



• A question of survival

It is not surprising that tyre barons like MRF have decided not to cut back on production in order to comply with cartel regulations (Focus, 18 March). With the number of contenders growing, one should always be on guard to see that the title for the top slot is not divested!

When the question of "survival of the fittest" comes up, it is the organisation's sustenance that matters and not the cartel's existence!

JOSEPH SAM
Kollam

• Separate R&D

The article on R&D was disappointing (Comment, 18 March). We have consistently maintained total separation between planners and thinkers on the one hand and doers on the other hand. They have no truck with each other. Typically, R&D is invested in from the profits of production. Unfortunately, it is also managed by production-oriented people. R&D centres are organised in the midst of production centres and naturally acquire the same ethos and style. We also suffer from the effects of a joint-family culture which believes that the father is responsible for taking decisions and providing for the welfare of those below, and any failures are ascribed to him.

If R&D is to be effective in this country, it has to be managed by persons who can generate products and develop an environment in which people can develop those products unconstrained by time limits and balance sheets. R&D results from the efforts of people and not just from an infrastructure of buildings and equipment. We have to find a way of motivating R&D people.

R.P. COELHO
Bombay

• Incorrect observation

Your editorial, 'Banking on Capital Issues' (18 February) shows lack of in-depth research and analysis on the subject, particularly about American banks and their captive financial intermediaries.

Under the Glass Steagall Act of the American banking regulations, banks in America are not allowed to engage in stock-market activities, and their merchant banking subsidiaries are independent and will function as a separate entity to the parent firm.

Drexel Burnham is a private merchant bank in America. The collapse of Drexel as well as savings and loans (S&L) institutions in America has absolutely no relation at all — not even a coincident factor. Drexel collapsed due to its own involvement in junk bonds. The late eighties saw the weakening of the company and these LBO companies started defaulting on interest payments. Coupled with this and the pathetic exit of their junk bond guru — Milken — from the office and the penalties Drexel had to pay to settle out of court, under US government authorities, triggered the downfall of Drexel.

The collapse of S&Ls in America is a different scenario. They were run in the early eighties with limited controls from government bodies — which resulted in total mismanagement by the top brass of the individual institutions — and their indiscriminate lending policy in giving substantial loans to "real estate and energy related projects" which crashed in the late eighties.

Keeping away Indian banks from capital market activities will not solve the problem. By creating a healthy competitive atmosphere and giving due share of the business to securities houses and other similar financial institutions in the private sector, the maturity of this market can be enhanced to international levels on a longer term perspective.

G. GOPAKUMAR
Cochin

Rafiq Dossani replies: The Glass Steagall Act — now repealed — does not allow an American bank to have a merchant banking subsidiary. It was enacted in 1930 precisely because of the misuse described in the editorial. Drexel collapsed for a similar reason. Its success in marketing junk bonds arose because of its cosy link with S&Ls and insurance companies like Southmark and First Executive. As long as the pyramid lasted (while the US economy boomed), the scheme worked. Hence, its failure was due to its relation with other financial institutions.

• Return the money

It is surprising that no one (including your magazine) has considered the losses being incurred by the small-time investors putting their hard-earned money in the mega issue of L&T (Editorial, 4 March). Half the debenture money had already been collected months ago, and the fate of the issue is still unknown.

I don't think it is wrong for magazines to raise the issue (after a thorough analysis) and suggest remedies to help the gullible who had invested. Maybe, L&T should return the money to those investors with interest for the period for which the money has been blocked.

S.S. MURTHY
Pune

• Refine the system

This refers to the article on 'Performance Appraisal' by T. Viswanath (Column, 4 March). The "input-output analysis" concept recommended by him will be suitable only for a unit-banking system where a bank will have just one branch, like in the US. In a branch banking system as practised in India, deposits mobilised by one branch are lent to borrowers by another branch. Hence a branch having "unadvanced deposits", meaning a branch with more deposits than advances, is not necessarily inefficient for it is actually mobilising resources for another branch which can lend it profitably.

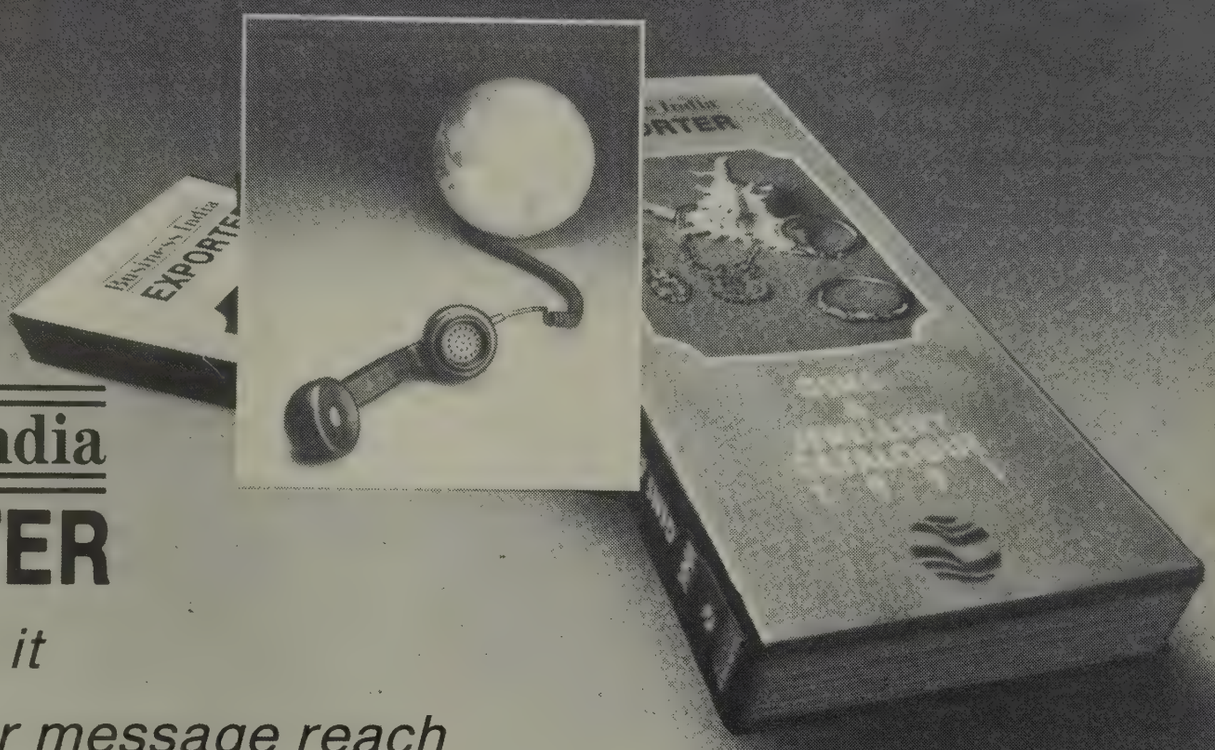
Viewed in this light, the "transfer-pricing" mechanism, practised by most banks in India for calculating the profits of their branches, cannot be faulted. Under this mechanism, all deposits of a branch are lent to its head office, which in turn lends it back to its branches for advancing to customers. The resultant spread between the interest paid and received by a branch constitutes its income.

No corporate office of a bank will encourage window-dressing by its branches through passing of debit and credit vouchers, though some branch managers do indulge in such tactics owing to the pressure to perform. This can be overcome by some refinements in the existing system itself:

- For the purpose of performance appraisal of a branch manager, the average level of business (both deposits and advances) should be considered instead of the level of deposits and advances on a given day.
- Continuous negative growth spread over a period of, say, six months or so is to be viewed adversely.
- Distinction should be made between achievements in an easy field and a more difficult area. For example, mobilising deposits from the personal segment is much more difficult than from the commercial segment.
- Aim for improvement in profit per employee, which will make the branch manager more profit-oriented and also curtail the tendency of some managers to plead for more personnel than they actually need.

S. SIVAKUMAR
Meghnagar (M.P.)

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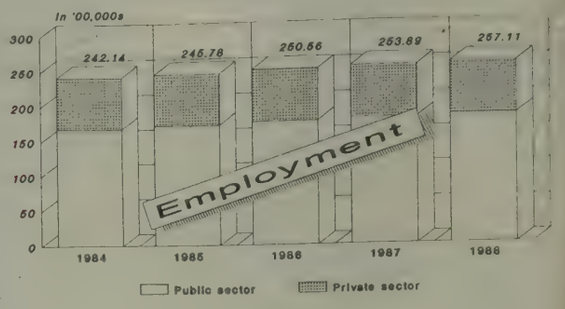
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Can you afford to miss out

Economic issues at polls



The general election of 1991 will be different from earlier ones because of a shortage of compelling social issues. The signs are clear in the public's lukewarm response to current slogan-based campaigns. That is why V.P. Singh has switched his campaign tack from the social rights of minorities and backward classes to their economic rights via job reservations. The BJP has similarly thought it unfit to try and win by *Ram* alone and has added *roti* as well.

The two main economic issues facing the public must be prices and jobs — a situation unchanged since the seventies. And there are other important issues that remain unaddressed by politicians — housing and transportation, for instance. Yet, the government has rarely been penalised at the ballot box for its inability to control inflation or unemployment.

Why is this so? Despite their importance for a poor country, economic issues have invariably been swamped by social ones, such as stability and corruption in past political campaigns in India.

It is not that overwhelming social issues have led politicians to neglect economics. The point is that the discussions on economic issues have almost invariably been vague and slogan-oriented, for example, Indira Gandhi's *garibi hatao*, campaign. In fact, apart from the National Front's campaign promise on loan write-offs in 1989, no central economic issue has affected voting patterns in the last 20 years.

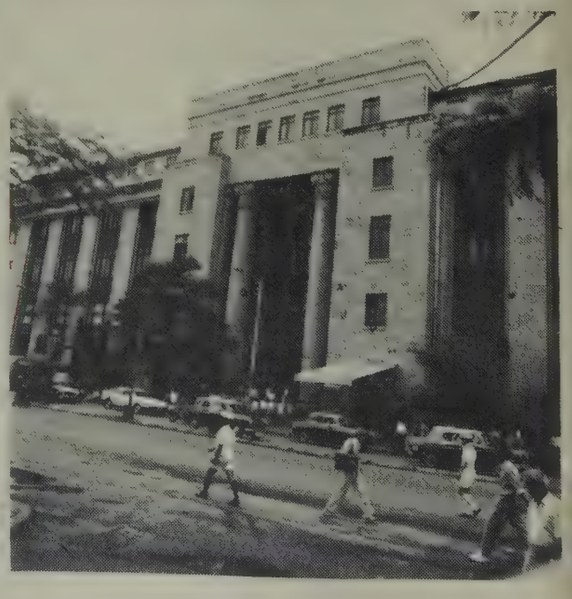
Is it because the country's economic problems are widely considered insoluble? Perhaps the public thinks so. However, governments worldwide have been held responsible for their failure to control inflation. Even in India, Indira Gandhi made economic development an issue when she nationalised banks. Now that socialist solutions have failed everywhere, perhaps politicians could capture the public's imagination with talk of denationalisation, for example.

The public should demand that politicians on the stump debate such issues. Should expenditure on agriculture and social services be curtailed in order to curb inflation? Especially when the spending per capita on items like education is among the lowest in the world. A socialist may argue that some amount of inflation in order to maintain social services is justified, while a right winger may argue that the economy must consolidate and grow first in order to afford social services. What they don't realise is that there is room for debate and ways to increase both growth and social spending without causing inflation.

A similar debate on job creation is also required. In urban areas, restrictive trade union law has led to highly capital-intensive industrialisation. In agriculture, meanwhile, lavish fertiliser subsidies and the IRDP have failed to take agriculture out of its 2 per cent growth bind. The result has been that total employment has hardly moved with growth (*see chart*). The public is entitled to know the politician's stand on these issues.

That there are economic choices is clear, difficult though they may be, and the solutions may well hurt large constituencies. They are, in that sense, similar to the social solutions favoured by the National Front and the BJP. The difference is that the public is sick of divisive social issues and would rather decide on economic issues. And this can work wonders at the ballot box as well. Our politicians, who feel that a campaign based on economic issues will not sell, should heed the changing times. As Margaret Thatcher demonstrated with trade union law, the removal of moribund economic policies that hurt large constituents can win elections.

Rep licences — confusion



The Reserve Bank of India (RBI) decided last fortnight to reduce March's stiff margins for replenishment importers' letters of credit (rep licence) from 110 per cent to 50 per cent. In so doing, it has reduced the importers' misery but added considerably to their confusion. This is because rep licence users now need a bank certificate that the export proceeds have been fully repatriated. Since the percentage of remittances even six months after export averages 90 per cent, this rule will sharply reduce rep licence availability in the short-term even for exporters who wish to use their own rep licences to continue their operations.

Since the RBI

has tacked the new stipulation even on to existing rep licences, the Rs.2,500-crore rep licence market has been thrown into disarray as it has converted an otherwise negotiable instrument into one tied to being able to contact the original holder of the rep licence and pressuring him into arranging a bank certificate. Not surprisingly, the average premium has fallen by more than half from its 30 per cent rate in January — a loss of Rs.375 crore to the holders.

The RBI could have been smarter. Since its concern is its foreign exchange reserves, new rep licences should be issued in proportion to exchange remitted out of export earnings. The government already follows this method for determining tax-free export earnings, so why not for rep entitlements? Meanwhile, existing rep licences should be exempted from the bank certification requirement entirely. If the country lacks the necessary foreign exchange, the RBI should instead reduce the percentage of entitlement of exchange for existing rep licences.

Education remains the key



The preliminary projections offered by the registrar general and census commissioner of India are far from reassuring. Nothing startlingly new emerges from the highlighted figures. In this sense, it is a damning pointer to the government's continuing failure to concentrate on its most urgent priorities — education and health. In spite of a decade of good economic growth, poor education and health — especially among women — have continued to frustrate attempts to control population growth.

The figures reveal that the decadal drop in the growth rate of the population has been marginal. The population has risen over the eighties by 23.5 per cent against 24.66 per cent during the previous decade. Likewise, the literacy rate has also moved up marginally to 52.11 per cent from 45.36 per cent.

The literacy rate among males has improved from 56.37 per cent in 1981 to 63.86 per cent in 1991. Among women, while it has increased from 29.75 per cent to 39.42 per cent, it is still dismally low and is responsible for the overall low level of literacy. What is especially alarming is that the overall sex ratio between women and men has declined from 934 per thousand to 929. Given that the natural life expectancy of women is higher than that of men, the ratio should favour women. This is the case in all developed countries and in countries with adequate health facilities like Sri Lanka. The Indian ratio is clearly a result of the poorer access to health facilities given to women than to men. This is because, while the typical poor agricultural family tends to have a large number of children in order to add hands to the plough, it is the male children who are the most valuable.

Kerala, the state which bucks the general trend of the census, provides the most interesting counter-example to the national trend. This is the most literate state in India with a literacy rate of 90.59 per cent. It is the only state which has a favourable sex ratio for women against men: 1,040 females per 1,000 men. This shows that women have at least achieved the right to survival — given only grudgingly in other states. Not surprisingly, it has the lowest rate of growth of population among the states — and a declining one, at that.

The figures on female literacy and the sex ratio are directly connected with the failure of the growth rate to decline. An educated woman is an additional wage-earner for the family. With the stability that her additional income provides, it not only makes less sense to disrupt this stability by taking time off to have children, but also makes it less necessary to add children for the sake of the social insurance of creating future wealth. Given the woman's contribution to household income, greater literacy thus invariably leads to the equality of the sexes. In Kerala, it already shows that women have achieved the equality they rightfully deserve. Further, an educated woman is more capable of deciding how many children — a decision which is rightfully mainly the woman's — the family should have.

Converse to the Kerala experience, it is in the four states — Uttar Pradesh, Bihar, Madhya Pradesh and Andhra Pradesh — where the sex ratio and female literacy are shown in their worst light that the population has increased the most.

The relationship of infant mortality to high birth rates has been amply demonstrated in many countries. With the spectre of many of their children dying in their early years, parents are impelled to have more children. It might be a truism, but children provide for most Indians, who lack the economic stability that education would provide, their only form of social security. Kerala again demonstrates this: it is the state with the lowest infant mortality rate. Again, women who are educated are better able to take care of their children.

Without the health care problem being tackled, there is little possibility of birth control progammes working. As long as children are considered a source of wealth or at least support, people will want to have more of them. It is this kind of quandary that the Indian family planning programme finds itself in. The bottomline is that without adequate provision of education and health facilities, there is little hope of it succeeding.

Cycling for power



Kalinga Engineers Ltd (KEL), a small-scale industry, has proved that research and development need not be the forte of large-scale industries alone. KEL's R&D achievement: the human and animal power generator.

KEL discovered that if instead of wooden bullock carts, steel bullock carts of the same weight were used, power could be generated from the motion of the wheels. For this KEL has designed generators to be fitted to the wheels. The power generated can in turn be stored in a battery.

Similarly, KEL has designed a human powered generator which converts muscle power into electricity. The mechanism of the human powered generator consists of a standstill cycle at the input end and a battery to store the power at the output end. Electricity is generated by peddling. The power thus generated can later be used for lighting, communications, etc.

With an installed capacity of 100 watts and operational efficiency under test conditions of 75 per cent, the human generator potential is enormous.

"Trial orders have been placed by TISCO, IIT Kharagpur, OMC department of adult education and the Indian army and commercial production will start soon," says Ajit Mahapatra, managing director of KEL.

NR
Orissa

Speeding up refunds



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Complaints from investors who have not received a refund after a public issue are often heard. But in most cases it may not be the company's fault, as it takes at least four to six months before an 'unpaid' report is obtained.

If postal mailing is replaced by bank mailing to the applicant's account this problem can be solved. For this, the application form could be redesigned to include a refund mandate box in which the account number, the bank's name and branch, and the MICR code given in his cheque book are included.

First, applications could be sorted out on a citywise bankwise basis. Copies of the refund mandate could then be made and sent to the respective banks' city headquarters. And from there the money could be transferred to the shareholders' accounts.

With this system in place, refund credit to the investors' accounts could not take more than 15 days and the company could save on postal charges as well.

V.L. GANESH
Thane (Maharashtra)

Places in the sun

Solar energy, a natural resource long since untapped, is finally being exploited by India on a large scale. A joint venture between the Tata group and the global giant, BP Solar, is installing solar-powered systems in remote areas. The first of these installations is coming up at Yadakumari and Srivaighi, two railway stations in the interior of Karnataka.

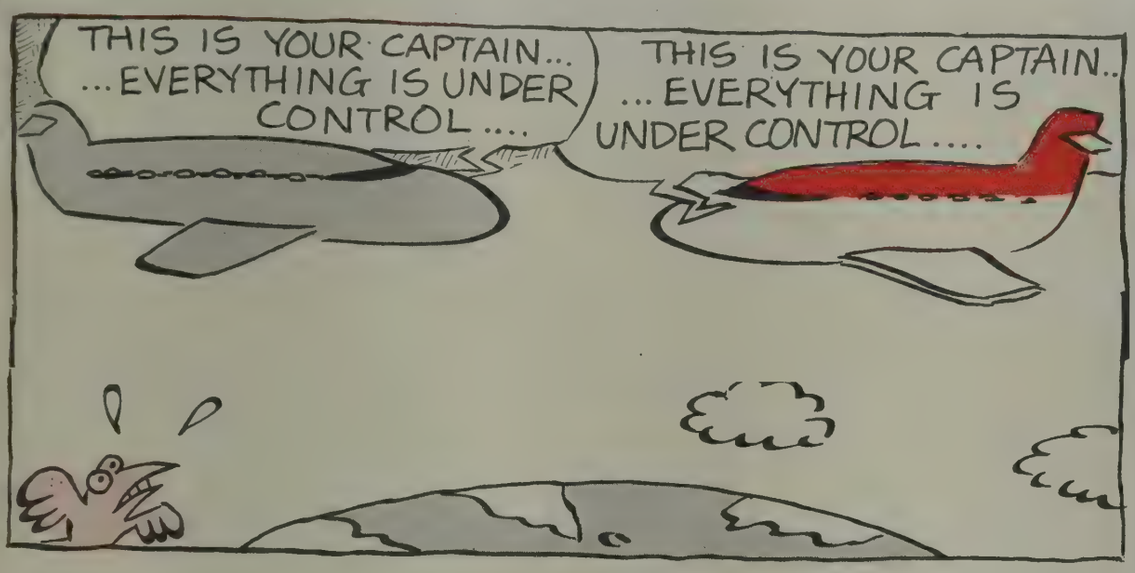
Solar-powered systems, ideal because of their modularity, are the perfect solution for these two stations, located almost 60 km from the nearest railhead. The systems will supply power at night to 28 railway staff quarters and eight outdoor power connections for colony and yard lighting.

Unlike other power stations that have long gestation periods, the installation of these solar power stations was completed in a record time of 15 days. A similar experiment has also been carried out at J.K. Group's Jeke Gram at Thane in Maharashtra.

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

Ending mid-air collisions



A recent development in avionics promises to virtually eliminate the threat of the worst inflight scenario imaginable, a mid-air collision. The new system is called TCAS — traffic alert and collision avoidance system. A TCAS equipped aircraft emits a continuous interrogation signal and if another commercial jet is within a radius of 36 kilometres, it will answer with a reply signal.

If the planes are on a collision course, a visual and aural warning will be activated. If the course is still maintained, the computer will tell the crew to perform a vertical avoidance manoeuvre some 30 seconds before projected impact. If both aircraft are equipped with TCAS, the computers will co-ordinate their commands.

Asthmatics arise!

'Conquer the Tower', a programme being organised by the Asthma and Bronchitis Association of India (ABAI), is a challenge not for the healthy but for the sick.

The programme which is scheduled for 21 April from 7 am to 12 noon, is for 300-odd asthmatic patients who will be helped to climb the 32-storey World Trade Centre Building at Cuffe Parade in South Bombay, said to be the tallest building in India.

To encourage the patients, there will be volunteers on each floor. Also 25 doctors and six physicians will be there to attend to emergencies, an ambulance will be available at the site and the basement of the building will be converted into a fully equipped mini-hospital.



Disintegrating cars

Artificial bacteria are being bred to degrade plastic of which the Trabant, a compact two-stroke car that is being abandoned in growing numbers by the roadside in East Germany, is largly made.

Chemists Peter Lietz and Franz Weisenbact, of the East Berlin biotech research centre, have already set the microbes to work on chunks of the Trabant's plastic body in the laboratory.

In three weeks bacteria are said to be able to convert 650 kg of plastic into roughtly 10 kg of ocre — a coloured biomass — thereby eliminating the need to incinerate the scrap and pollute the environment.

Litter that lightens

Environmentalists need not shout themselves hoarse about plastic litter anymore. Waste polystyrene, in the form of discarded plastic cups and packaging materials, can now be reused to lighten concrete building panels and tiles and improve their insulation.

A company in Britain has demonstrated that polystyrene beads can achieve up to 40 per cent weight saving in concrete products, while retaining their strength and increasing their insulation. Manufacturing and distribution costs too can be cut down by 15 per cent. Distribution costs are cut because of fuel saving achieved by carrying lighter products.

Fruitless policy

On the one hand, we talk of our poor balance of payments situation, on the other, we waste valuable natural resources. Every year about 335,000 tonnes of cashew apples are allowed to waste in Orissa. Cashew farmers only collect the nuts and leave the apples to rot. If the juice had been sold to liquor manufacturers in Goa, it could have earned Rs.2.30 crore in excise revenue.

While the Orissa government has decided to bring greater area under cashew cultivation, it has done nothing to encourage the setting up of cashew apple processing units. One such unit has finally been sanctioned but as its capacity for crushing cashew apples is small, it can utilise only a marginal stock.

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Complete guidance on the interiors, to maintain a uniform look in each city.

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All the advertising and promotional support to launch the Lakshmi Raaga outlets.

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Mallya's fire sale?

The cash crunch catches up with everyone sooner or later. That's true even of someone who still boasts of an extremely flamboyant lifestyle — Vijay Mallya. He has put companies like Berger Paints, Unitel, Bush Boake and Allen (in which the UB group has a 24 per cent stake), and Kissan, along with a few other minor companies, on the block. There have been no takers so far, possibly because Mallya's asking prices are too high. Yet Mallya may be forced to settle for less, as his bankers are believed to have begun pushing him hard to complete the sales.



Mallya: the money gets harder to come by

In the meanwhile, Best & Crompton is acquiring Thane Electric Supply Company Ltd. While the latter has lost its distribution licence, it has a small transformer making factory with an installed capacity of 700,000 units a year in Andhra Pradesh which would fit in well with Best & Crompton's activities. The company also has Rs.3.75 crore as free reserves and posted a turnover of Rs7.08 crore in 1989-90.

Falcon flies again

EID Parry is likely to take over Falcon Gulf Ceramics Ltd. The latter was set up by two non-resident Indian brothers, A.L. Bhatia and his younger brother, Shyam. The brothers were based in the Middle East and engaged in international trading. They, however, had no industrial experience.

Falcon Gulf was supposed to manufacture 6,600 tonnes of sanitary ware a year at Alwar in Rajasthan. The company had raised almost Rs.4 crore from the market for the Rs.10-crore project in July 1988. But, in the year ended March 1990, the company lost Rs.2.08 crore and a further Rs.88 lakh in the next six months. The Bhatia brothers apparently lost interest and sold out. The deal is believed to have been struck at a price of Rs.7 a share, against the quoted price of Rs.10 on the Bombay Stock Exchange.

Boundless faith

Indians living abroad apparently continue to have faith in their country of origin despite its lowered credibility in the international financial markets. Bankers say NRI deposits are holding up well, even though many were up for renewal and it had been feared that they would not be renewed. Is it only because NRI depositors are overtly patriotic or that they have already discounted the possibility of default? After all, maintaining the deposits may still be attractive, given the interest rates they are offered.

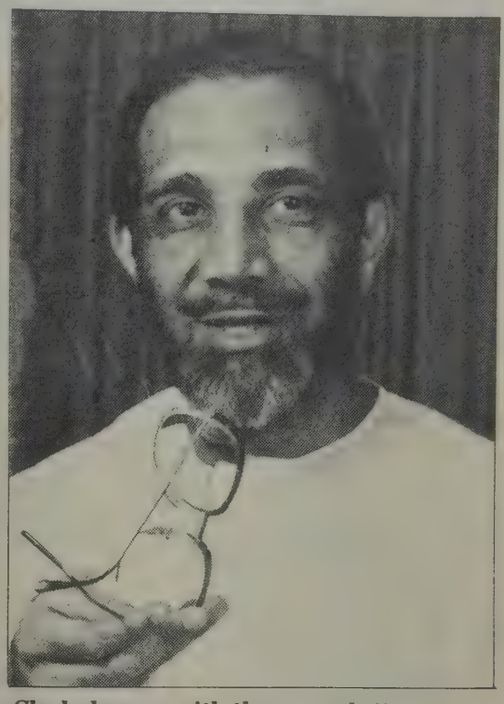
Is MRF-Michelin on?

The government seems to have informally told the tyre giant MRF to go ahead with its plans to allow Michelin of France to pick up 51 per cent of the equity in the new company being set up to manufacture aerotyres in India. Michelin had earlier wanted a stake in MRF itself but the Mammen Mapillai family, which controls the Madras-based company, vetoed the idea. But market sources say that some of MRF's competitors are lobbying the government against the Michelin financial tie-up in the venture, citing a case in South Korea where the French company had some problems with the local collaborators. The formal government permission for MRF-Michelin deal is still awaited.

Comeback time

Having been beaten by Essar Gujarat in its effort to set up a million-tonne steel plant in Karnataka, Viren Shah of Bombay-based Mukand Ltd can take consolation in the fact that the West Bengal government has invited him to set up a similar plant at Kharagpur in the state's Midnapore district.

The cost of the plant is estimated at around Rs.2,500 crore. For Shah, this will be his second joint sector project with the



Shah: happy with the consolation prize

West Bengal government in recent times. In early March he set up Keventer Agro jointly with Calcutta businessman M.K. Jalan. The project envisages a Rs.30-crore milk dairy to produce 400,000 litres of milk every day for supply to Calcutta.

A step forward

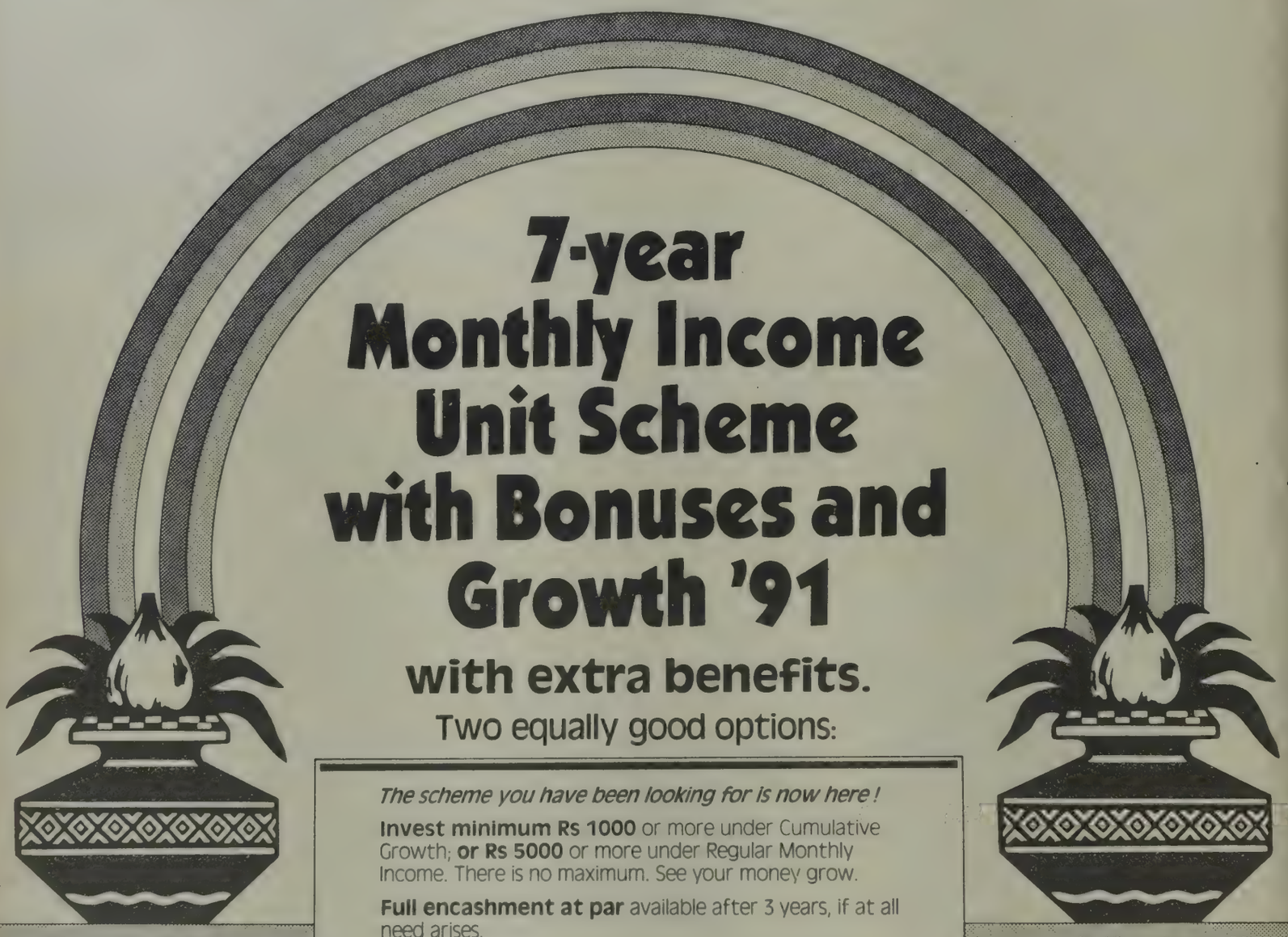
Mafatlal Industries is promoting a new company, Sunanda Industrial Machinery, to set up a Rs.10-crore project near Ahmedabad for the manufacture of injection blow moulding equipment for the plastics industry. It is expected to be operational by end-1992. Two weeks ago, a technical collaboration agreement was signed with the Japanese company, Nigata.

The Mafatlals already have an engineering company in the group; this company, Padmatex, makes machinery for the textile industry. Soon it is also going to diversify into the manufacture of equipment like plastic processing extruders and extruder systems.

Instead of combining the production of all plastic processing equipment in Padmatex, the Mafatlals decided to set up a new company because nearly 31 per cent of the equity in Padmatex is held by two German companies, while the collaborator for the new company is Japanese.

With this new unit, the Mafatlals will have achieved forward integration in both their prime areas of business — plastics (NOCIL and PIL) as well as textiles.

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ESAB INDIA

Strategic growth

Can a fledgling three-year-old company, with sales of only Rs.16.88 crore, project a Rs.100-crore turnover for the coming year and still expect to be taken seriously? If the company is Esab India, the welding dark horse, the answer is yes.

Like its parent company, Swedish welding giant Esab AB, Esab India is adopting the merger and acquisition strategy for faster growth. Bengt Eskilson, president of the Esab AB group, has been quoted as telling his competitors in 1983, "We are committed to staying in the welding business all over the world. So if you wish to opt out, please give us a call." The nearly seven-fold jump in Esab India's sales is expected to follow its recent acquisition of the Calcutta-based IOL's welding division (1989-90 sales: Rs.56 crore).

IOL acquisition. Esab India is spending Rs.30.78 crore on the IOL acquisition. Part of the required funds is coming from a proposed Rs.20-crore issue of partly convertible debentures and new equity shares. Internal accruals and an investment of Rs.7 crore from Esab AB will take care of a Rs.5-crore modernisation programme at the IOL unit.



Electrode unit, Kalwe: massive modernisation plan

Takeovers apart, Esab India is adopting a well-chalked-out expansion and modernisation programme to help it strengthen its hold on the promising Indian market. Sixty per cent of the work on the modernisation of the electrode factory at Kalwe has been completed, funded by part of a Rs.11-crore ICICI loan (see *Business India*, 18 September 1989).

Work has also begun on the submerged arc plant, and the flux core project will be commissioned next year. The ambitious plans to manufacture laser cutting machines, robotics and special cross-cutting machines, however, are being shelved for now, on account of the "country's delicate forex position," according to Jim Thorpe, managing director, Esab India.

The strategy for the time being will be to concentrate on market sectors that give higher value. Says V. Ramamrutham, a director on Esab India's board, "The accent will be on welding machines and not electrodes since there are already so many small-scale units operating in the latter segment." Another definite growth area is exports. And it is here that the Esab AB connection will prove to be an invaluable asset. The Swedish parent firm has a presence in 69 countries and controls 33 per cent of the world's welding market. (Esab India's slogan, 'We weld countries' is no empty boast.) The main export thrust will be towards the Pacific rim. IOL's trading contacts in several African countries will be an added advantage.

It is strategic planned growth of this kind which makes Esab India a company to watch out for in the future. It has a clear-cut game plan: acquisition accompanied by reorganisation and rationalisation of brands and production facilities. The expected results can be aptly expressed in the words of its chairman, H.K.Bilpodiwala. Speaking in Bombay at an extraordinary general meeting of the company last month, he said, "The (IOL) acquisition is well timed as our company sees opportunities for significant growth... We hope to achieve sound and improving profits."

■ RAJU BIST

MAFATLAL ENGINEERING

Workers win

For Arvind Mafatlal, the company's chairman, Mafatlal Engineering India Ltd (MEIL) has always been jinxed. Acquired from the Thackerseys in 1980, the company has gone through several strikes and two lock-outs, and has been in financial haemorrhage for so long that there seems to no life left in it (see *Business India*, 10 July 1989).

As if this wasn't enough the Bombay High Court, in a landmark decision, recently restored the jobs of 890 workers who were compulsorily retired from service in May 1986, with full back wages. At a conservative estimate, the MEIL management will have to pay out Rs.13 crore. The company has been locked out since May 1989.

Capital crunch. When MEIL re-opened in 1986 after a 13-month lock-out, it was facing a severe working capital crunch. The financial institutions — ICICI in particular — agreed to pump in Rs.6 crore, if the company got rid of almost 1,000 workers. The management consequently signed an agreement with Gulab Joshi of the Kamgar Utkarsh Sabha (KUS), whereby all workers who had completed 25 years of service on 1 May, 1986 or had attained the age of 58 years were sought to be retired.

The workers were incensed at this arrangement. KUS, they claimed, never enjoyed the majority support of the workforce and had been brought in only to get the workers sacked. The MEI Employees union went to the industrial tribunal, which ordered the reinstatement of the workers. But the company moved the higher courts. The 107-page order given on a writ petition filed by the company against the workers' unions, castigates KUS for deliberately compromising the interests of the workers.

This judgement is being hailed as a landmark on the industrial relations front. Says one labour leader, "This will be a lesson to managements who play similar games of favouring one union against the other and even inviting a rival union to renege on workers' genuine demands."

■ SHEKHAR GHOSH

The Chairman Declares To The Shareholders The Largest Turnover In History





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ECONOMY

Canbank leads race

The equity-linked savings schemes launched by the five mutual funds have mobilised an estimated Rs.525 crore. In the first neck-and-neck competition between Canbank Mutual Fund and UTI, the former has emerged the winner with an estimated collection of Rs.210 crore against UTI's Rs.165 crore.

ADB approves loan

The Asian Development Bank has approved of a $150 million special assistance loan to India, to enable it to tide over the high cost of petroleum imports and ease the impact caused by the Gulf crisis. The loan was cleared by the ADB board at Manila recently.



A redeeming feature of this loan is that its repayment period is spread over 20 years with a grace period of four years. The interest rates, which vary every six months, are believed to be quite attractive at the current level of 6.5 per cent.

ECGC hikes premium

The Export Credit Guarantee Corporation (ECGC) has planned to withdraw the 50 per cent concession available on exports to the Soviet Union.

The premium on exports that had been fixed lower by ECGC on account of rupee trade, has been increased primarily due to the turmoil in the USSR. ECGC covers two sets of risk for exporters — political and comprehensive (commercial). While the premium for political risks has been retained on the same level, ECGC has been forced to hike the premium for the comprehensive cover.

Sugar exports up

The Union government has decided to export 500,000 tonnes of sugar this year. Exports are to be channelised through the Indian Sugar Industry Export Import Corporation. Shivajirao Patil, president of the National Federation of Cooperative Sugar Factories, has urged the government to allow the export of an additional 500,000 tonnes. At present, contracts have already been received for the export of 225,000 tonnes of sugar.

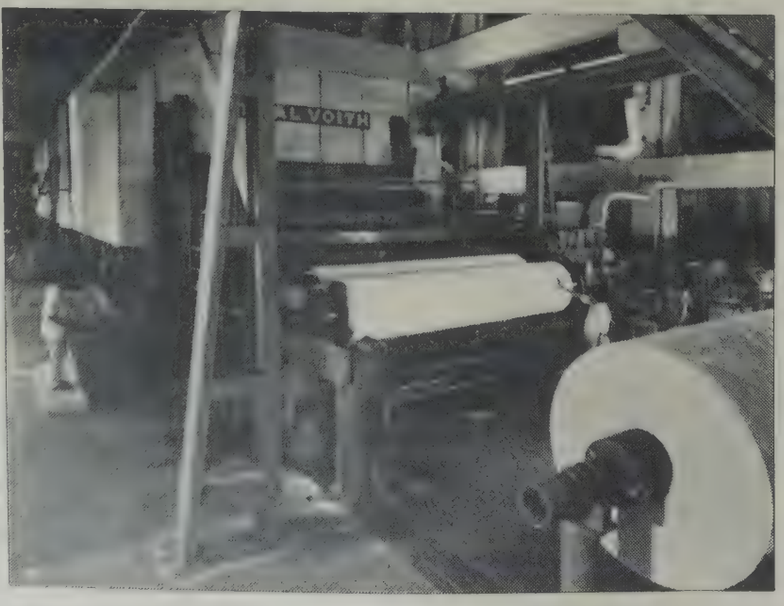
Imports from the USSR

India is to receive 60,000 tonnes of ammonia from the Soviet Union under the rupee trade agreement. The ammonia will be purchased at $110 per tonne, 11 per cent higher than the price of imports from the Gulf. The ammonia is to be used for manufacture of diammonium phosphate (DAP) in the country. Besides this, 500,000 tonnes of DAP is also to be imported from the US. The import of part of the country's DAP requirement in the form of raw material is to ensure the continued operations of the imports-based indigenous fertiliser units. Along with ammonia, 300,000 tonnes of phosphoric acid for the manufacture of DAP has also been imported from Morocco.

Import of newsprint

The government has released Rs.345 crore in foreign exchange for the import of newsprint. Of this amount, Rs.195 crore is for the general currency areas and Rs.150 crore for rupee currency areas. The amount includes Rs.60 crore released in February to enable the State Trading Corporation (STC) to fix contracts in advance to meet the anticipated requirement of newsprint.

STC already has contracts for the import of 4,200 mt of newsprint. In view of the forthcoming elections, the corporation is additionally importing 60,000 tonnes by this month-end.



Relief to entrepreneurs

The government has decided to release the amount due to entrepreneurs under the now defunct central investment subsidy scheme. The scheme had provided for a cash subsidy of 15 per cent of the project cost.

In view of the acute financial constraints faced by entrepreneurs due to the non-payment of subsidy, the ministry hopes that by releasing the subsidy amount it would be possible to restore their faith. This move would also help attract more entrepreneurs to backward areas.

Premium on REP licences

Market premium on replenishment (REP) and additional import licences has recently shot up from 13 per cent a week ago to 21 per cent. The sudden hike is attributed mainly to some relaxations in the margins on import financing announced by RBI last week.

In fact, the premium rate soared to 25 per cent on 1 April 1991, only to drop by 3 per cent two days later following certain doubts on transferability of REP and additional licences. The uncertainty has stemmed from RBI's latest amendment to its earlier directives on bank margins.

CORPORATE

VMC authorised by SEBI

VMC Project Technologies Ltd, a Baroda-based consultancy company, has been authorised as a category I merchant banker by SEBI. This will be Gujarat's first professional merchant banking house. VMC is now authorised to undertake public issue management and portfolio manage-

ment, and act as lead managers and underwriters for public issues.

Do-Max steel project

Do-Max Steel Ltd is setting up a 30,000-tpa steel project at Waghodia, near Baroda. The plant is to be commissioned in 1991, and will manufacture import-substitute alloy steel and steel ingots for special use. The project, costing Rs.5.95 crore, will be partly financed by a public issue.

Do-Max is also negotiating with West German firms for the supply of knowhow for forward integration and expansion.

Deepak Fertilisers' expansion through

Deepak Fertilisers & Petrochemicals Corporation Ltd's expansion project for the manufacture of industrial chemicals, explosives, and fertilisers like prilled ammonium nitrophosphate is to go on stream in about three months. The project, started in 1989, was to be completed by March 1991. Originally estimated to cost Rs.346 crore, cost overruns have jacked up the total outlay to Rs.416 crore.

Of the six plants scheduled to come up at Taloja, near Bombay, a 33,000-tonne concentrated nitric acid plant is to be commissioned this month. Most of the raw material requirements will be met by the company's existing liquid ammonia unit.



The company has plans for further diversification and has already obtained LoIs for the manufacture of resins, hexamine, and slow-release urea coating agents. The new plans involve a total investment of around Rs.75 crore, and are to be completed in another 18 months.

Bharti Telecom signs MoU

The Delhi-based Bharti Telecom Ltd (BTL) has signed an MoU with an American firm, Premier Telecom Products, a subsidiary of United Telecom/US Sprint, a leading American telecom company, for supply of telephones.

According to Sunil Mittal, BTL's managing director, his company will supply 600,000 telephones within three years. On completion of this order, Premier Telecom is expected to lift 500,000 telephones every year.

Mittal said that this is the first time an American company has shifted its supply source from Taiwan and South Korea to India.

BTL has also signed a joint-venture agreement to manufacture electronic push-button telephones in the Soviet Union.

Elgi takes over Mic Auto

The Coimbatore-based Elgi group of companies has taken over the management of the ailing Mic Auto Ancillaries Ltd of Bangalore. L.G.N. Anand, one of the promoters of the Elgi group, has taken over as chairman of Mic Auto, which is being renamed Elgi Auto Engineering.

The new management plans to expand the manufacturing line of Mic Auto, which had a turnover of Rs.18 lakh in 1989-90, to tap the export market and achieve 100 per cent capacity utilisation for the existing product lines including tie-rod ends, ball joints, drag links and repair kits for four- and six-wheelers.

MJ group's new venture

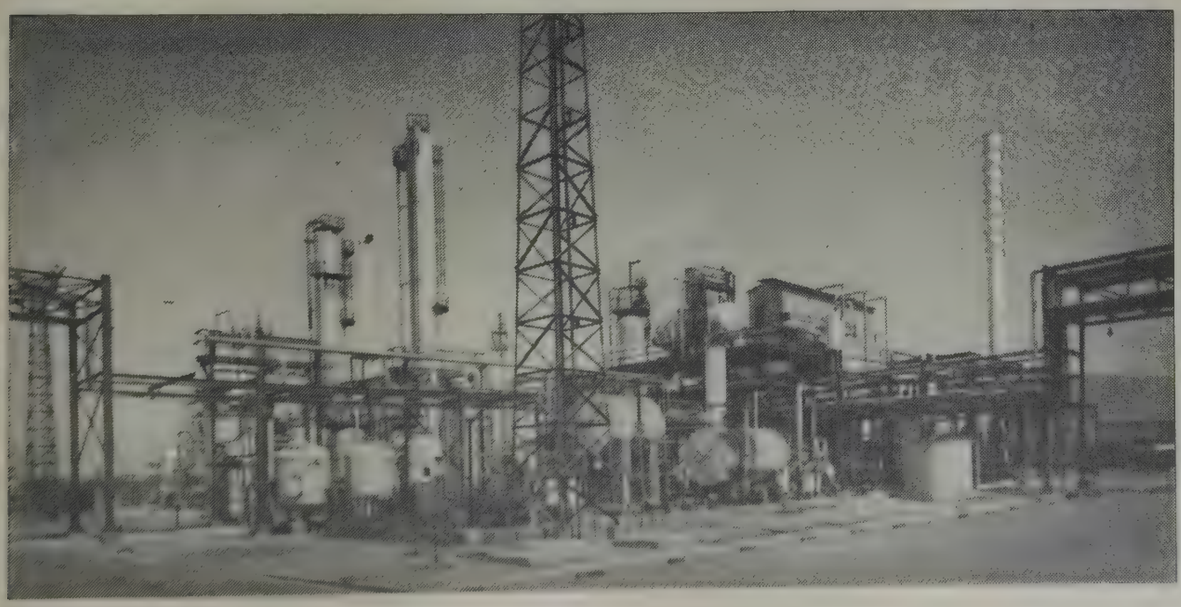
Jasubhai Shah of the MJ Group of Industries is setting up a joint venture with Tudor of Spain for the manufacture of batteries. The project, to be located at Prantij, a notified backward area in Gujarat, involves a capital outlay of Rs.28.5 crore. The new company, Tudor India Ltd, will manufacture 400,000 batteries a year. The company will concentrate on exports to Europe, and Tudor has already entered into a buy-back arrangement under which it will purchase 40 per cent of the annual output.

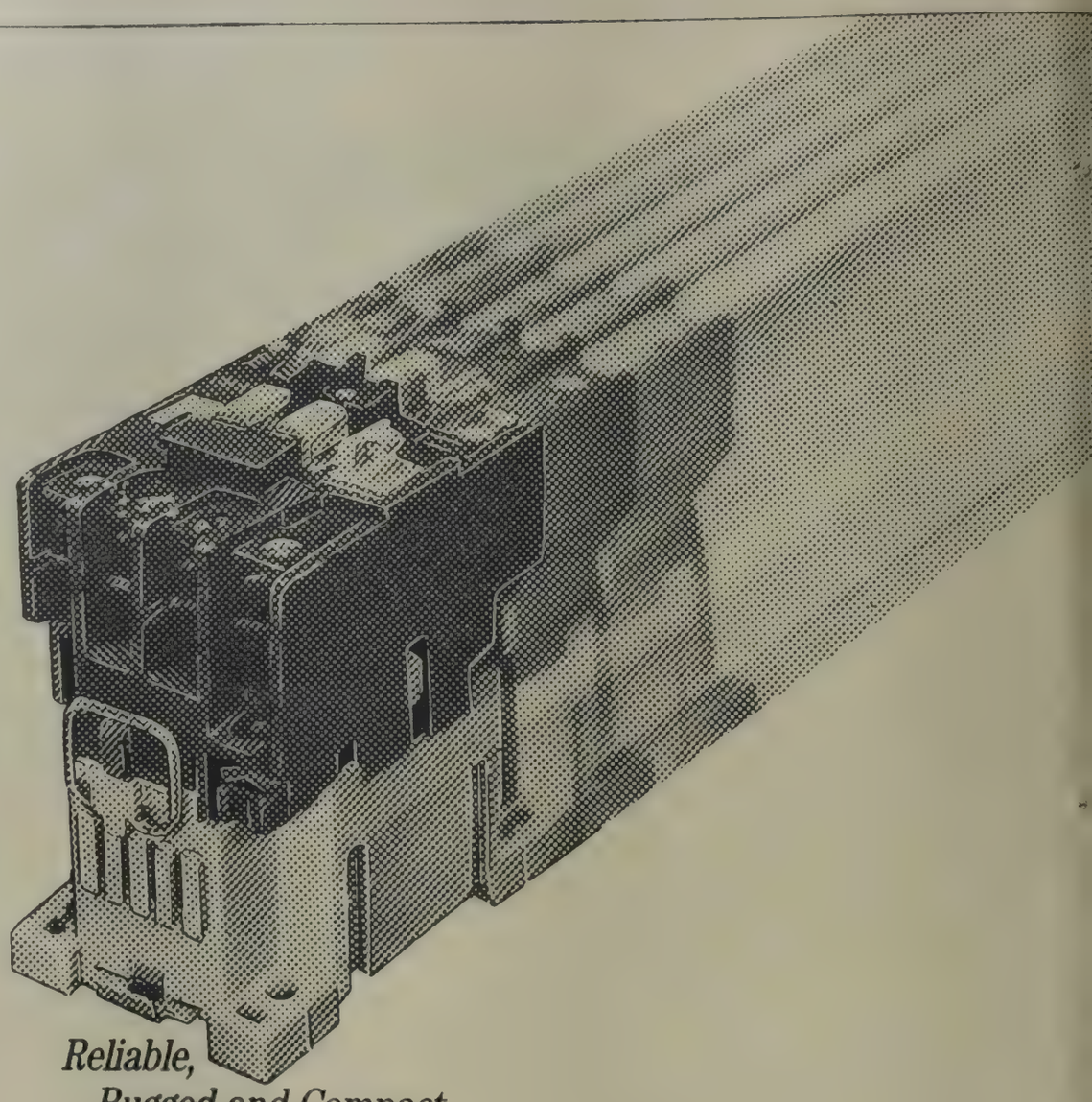
HTL for fax machines

Hindustan Teleprinters Ltd is expected to receive government permission to manufacture fax machines soon. The public-sector unit has identified fax machines as a priority product and a substitute for electronic teleprinters. HTL's growth and employment have been hindered by the phasing out of old-technology products. The company has also signed an MoU with the public-sector ET&T for the development of PC pads and PC gist cards.

Tripura gas project cleared

Tripura's gas-based methanol project has finally been cleared by the government. The 300-tonne plant had been awaiting clearance for some time. A Rs.184-crore gas-based thermal power plant to be set up in Brajendranagar has also been cleared. The plant is expected to generate 84 MW of power daily.





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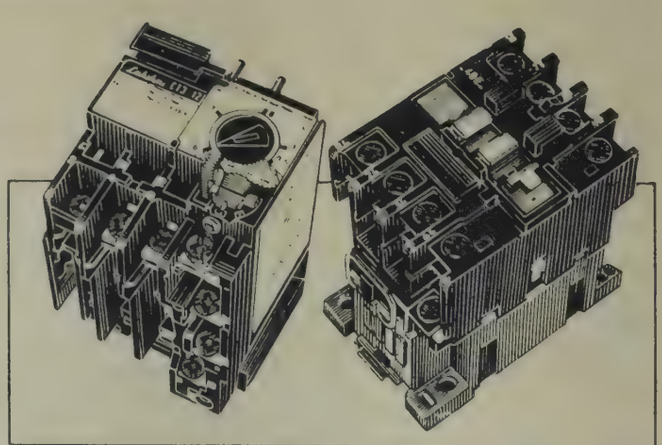
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SCL to expand

Synthetics and Chemicals Ltd is planning major expansion over the next two years. A Kilachand group company, SCL will invest around Rs.250 crore for its planned projects. Of this, almost Rs.230 crore is earmarked for the expansion of its synthetic rubber plant at Bareilli from the present 40,000 to 120,000 tpa in two phases. The company is also in the process of taking over Sikkim Vanaspati Ltd, a Gangtok-based company. The projects will be funded by a Rs.25-crore issue of non-convertible debentures and term loans from institutions.

also because the state accounts for almost 30 per cent of the total consumption. The plant will employ around 70 people and has received environmental clearance from the Gujarat Pollution Control Board.



Pesticides joint venture

Aimco Pesticides Ltd has proposed a joint venture to manufacture monocrotophos, DDVP and phosphomedon in Vietnam. It has also signed an MoU with Nicotex of Vietnam for a Rs.2.5-crore contract for the supply of technical knowhow to manufacture fenvelerate and cypermethrin. The contract also envisages Aimco helping Nicotex to upgrade its nicotine sulphate plant.

Bayer's new plant

Bayer (India) Ltd has set up an agrochemical formulation plant at Himatnagar in Gujarat. The Rs.4-crore unit will produce folidol dustable powder, an agricultural insecticide. The plant has been set up in Gujarat because of its proximity to the raw material source, ie, the soapstone mines at Dungarpur, and

INDUSTRY

Threat to cut output

The cotton textile industry has threatened to cut production, due to the growing shortage of cotton produced locally. The shortage has been estimated to be around 1.7 million bales by the Indian Cotton Mills Federation (ICMF).

Rohit Mehta, chairman of the ICMF, says that the cotton crop estimate has been periodically revised downwards but the export quota increased progressively, creating a shortage. In the last six months, the Cotton Advisory Board revised downwards crop estimates from 12.4 million bales in August to 12.2 million bales in December last year close, and further to 11.5 million bales last month.

Revisions in crop estimates have led to escalations in domestic prices, as also the government's reluctance to curb exports. However, the government has now decided to freeze exports at 1.34 million bales.

New steel cess

A new steel cess will be levied on the steel industry for its development. The government plans to push through a legislation to this effect, when Parliament is convened next.

Sources in the department of steel point out that there is an urgent need to integrate various components presently levied. Under the new cess, three major components — steel development fund, international price reimbursement scheme, and joint plant committee cess — will be combined. Some new elements will also be included in the cess.

The prime object of this is to mop up funds not only for new steel projects but also to take care of various infrastructural needs that impede development of the steel industry in remote places.

Shipbreaking units face closure

The Reserve Bank of India's imposition of letters of credit for imports, has virtually grounded the shipbreaking industry. According to shipbreakers, if norms are not relaxed, the industry, accounting for production of about 600,000 to 700,000 tonnes of high-grade ferrous scrap annually, will be forced to close by June.

At present, more than 50 per cent of shipbreakers have no vessel on hand for breaking.



Coking coal imports

The integrated steel sector has planned a massive import of prime coking coal during the current financial year. This is because Coal India Ltd (CIL) has failed to raise domestic supply of direct feed coal.

Total import of prime coking coal by the Steel Authority of India, Rashtriya Ispat Nigam and Tisco during 1991-92 may come to 7 million tonnes. According to CIL sources, the organisation would at least be able to maintain its prime coking coal production at last year's target level of 4.2 million tonnes.

Project okayed

The Public Investment Board has okayed the setting up of a bulk distribution cement terminal at Kalamboli, New Bombay, subject to environmental clearance. The project will involve an investment of Rs.83 crore.

A pilot scheme for developing infrastructure for transport of cement in bulk, the project also aims to save on packaging material, eliminate packaging costs, minimise transit/loading losses and develop ready-mix concrete.

Sugar prices hiked

The price of levy sugar has been hiked for the current year by an average of Rs.28 per quintal on an all-India basis. The government upped prices of levy sugar following repeated representations from the industry.

The industry is, however, not satisfied with the hike. It feels that increase in cane price, wages and other cost escalations have not been taken into consideration. Plus, it claims, its demand to take transport and harvesting charges into account have been ignored.

LABOUR

HFC officers resume work

After a gap of nine days, the general manager and departmental heads of Hindustan Fertilizer Corporation (HFC) resumed work in their respective offices, following an order of the Calcutta High Court restraining the company's workers from staging demonstrations, criminal intimidations, *gheraos* and processions.

According to O.N. Kapur, general manager of HFC's Durgapur unit, the immediate reason behind the stoppage of work was the manhandling of four officers by workers belonging to the INTUC union.

Construction workers' allowance hiked

The government has announced that construction workers will receive a special allowance, with



effect from 1 April, following an increase of 73 points in the consumer price index between July and December 1990.

The rates will now range between Rs.4.55 and Rs.7.57 per day, depending upon area and category. The wages for the lowest category of workers will increase from Rs.11.90 to Rs.15.45. The revised wages for semi-skilled and unskilled supervisory staff will range between Rs.19.55 and Rs.27.44 per day according to skill, and area. The skilled and clerical workers will get between Rs.24.81 and Rs.38.69, while highly skilled workers will get wages ranging from Rs.31.67 and Rs.43.81 per day.

BPCL signs wage pact

A new wage settlement was signed between the Bharat Petroleum Corporation Ltd (BPCL) and the workers employed in marketing. According to a BPCL spokesperson, an agreement was signed by 15 trade unions with the management before the labour commissioner, central, Shambhu Dayal. The agreement follows protracted negotiations after the expiry of the 1989 wage settlement.

Airport staff agitation

All the airport, communications and technical assistants at the 22 airports within the Bombay region refused their pay packets, as part of their intensified week-long agitation against the alleged discrimination by the National Airport Authority (NAA) in their pay scales.

According to S.K. Roy, convener of the joint action committee, the 600 employees are wearing black badges as a form of protest. They now plan to stage an indefinite dharna outside the NAA's office. Nagpur, Ahmedabad, Pune, Indore, Jabalpur, Raipur, Surat, Baroda, Rajkot and Bhavnagar are among the 22 airports affected.

LANDMARKS

Awarded, to M.S. Swaminathan, noted agriculture scientist and one of the authors of India's green revolution, the



1991 Tyler Prize for 'Environmental Achievement'. The Rs.29-lakh prize was presented in Los Angeles last week. Swaminathan is a former director general of the Indian Council of Agriculture Research and the International Rice Research Institute in Manila. He shared the prize with C. Everett Koop, the famous former US surgeon-general who changed the smoking habits of Americans in the eighties.

Awarded, to Dasholi Gram Swarajya Mandal, UP, the Seventh Platinum Endowment Trust Award of the Indian Merchant Chamber for the use of scientific methods in protection and preservation of the environment. The Mandal, which was founded among others by the famed ecologist, Chandiprasad Bhatt, is a voluntary organisation. It received the Rs.1-lakh prize in Bombay from city sheriff and chairman of Tata Electric Companies, Homi Sethna.

Awarded, to Century Mills, Bombay, the prestigious 'International Textile Mill of Year' award by the international textile magazine *Textile Horizon* brought out by the Textile Institute of Manchester. The B.K. Birla-controlled mill is India's largest exporter of cotton textiles, most of which go to Europe. It is the first company in the country to win this award.

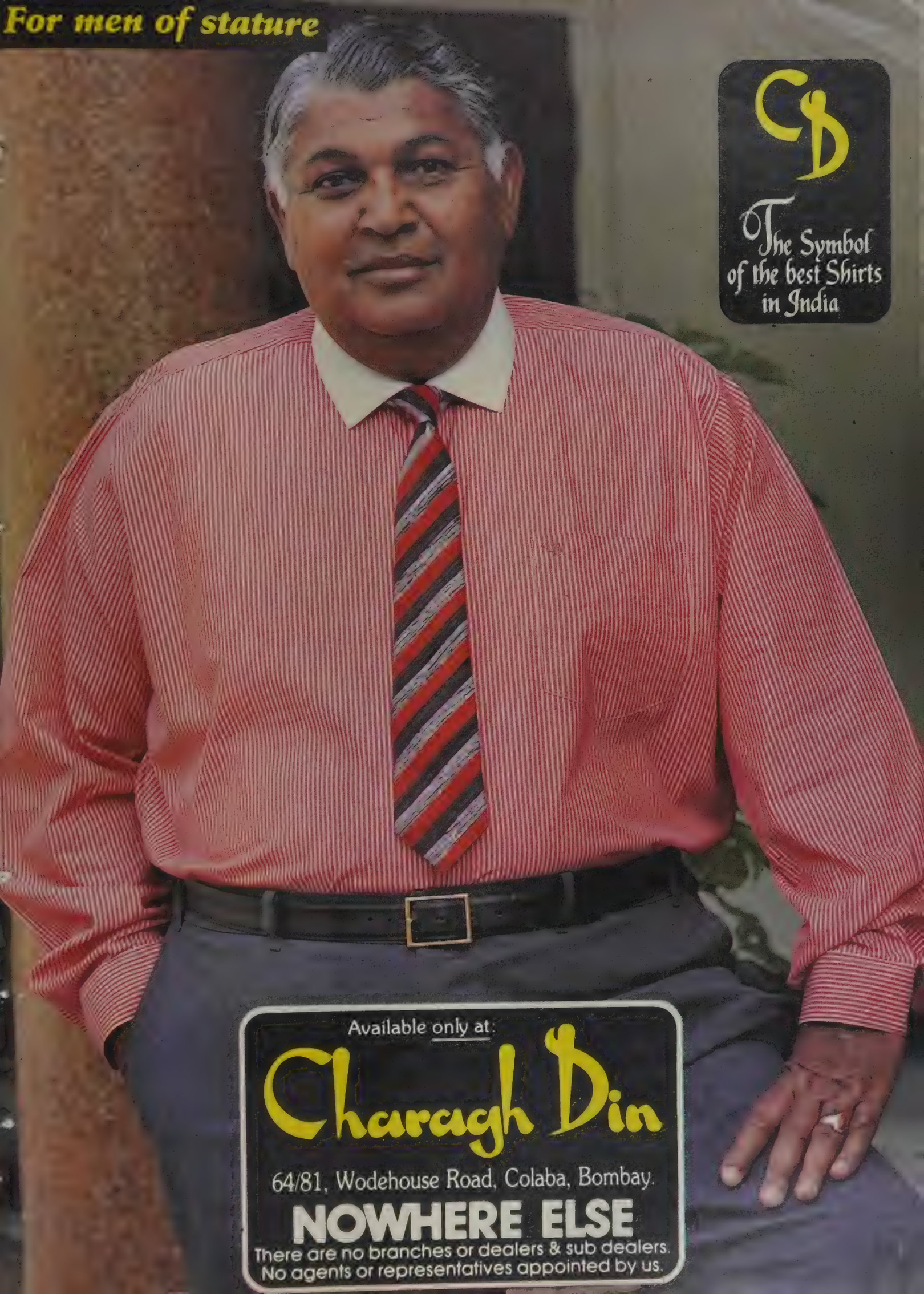
Retired, Keki Alpaiwala, 63, senior partner, A.F. Ferguson & Co, Bombay, after 40 years of service. One of the most respected auditors in the country, he joined Ferguson, India's largest audit firm, in the early fifties as an assistant after qualifying in England. Currently he has no plans to work post retirement. He does, however, intend to catch up on his reading, something he has neglected for years.

Appointed, Anand Mahindra, the 33-year-old Harvard- educated president of Mahindra Ugine Steel Com-



pany, as deputy managing director of jeep and tractor manufacturer Mahindra & Mahindra. This lays to rest the controversy over who would succeed the 68-year-old Keshub Mahindra as the head of the Rs.1,000- crore M&M empire. Keshub does not have any male heirs and Anand is a nephew. He was also simultaneously appointed vice-chairman of Mahindra Ugine Steel Company.

Hospitalised, Devidas Murlidhar Amte, the septuagenarian social worker also known as Baba Amte, at Indore's Choithram Hospital for the fitting of a pace-maker. The operation was successful and Amte is reported to be making good progress.


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ROHIT C. MEHTA

The recent announcement by the government on the release of 200,000 bales of raw cotton for export has evoked strong reactions from the Indian Cotton Mills Federation (ICMF). According to Rohit C. Mehta, chairman, ICMF, the release of such a large quantity would



result in a shortage of cotton for domestic consumption. ICMF has appealed to the government to cancel the export quota and take measures to curtail the rise in cotton prices. "There is no harm," says Mehta, "in exporting cotton. What is essential, however, is that the government should provide a buffer stock for domestic consumption and then only release a quota for export. Otherwise, the export of higher-value-added products like yarn and processed cloth will suffer."

NARIMAN H. WADIA

Industry colleagues refer to him as an eccentric genius, a compliment which he prefers to laugh off. But Nariman H. Wadia, jeweller turned consultant, perhaps deserves the praise he attracts. He has designed a gold refining machine which offers complete recovery of the metal. Wadia says his creation employs an ingenious push-button mechanism and is user friendly.



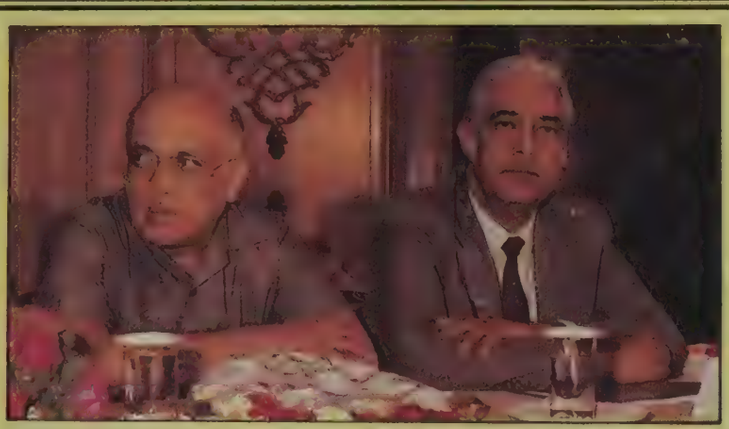
Moderately priced, and claimed to eliminate all waste, the invention should be a boon to all jewellers. Wadia thinks the country's performance in gems, jewellery and diamonds, although creditable, represents only the tip of the iceberg. "We have to make an all-out attempt to increase our share in the billion-dollar international export market," he says.

M.V. MURUGAPPAN

Another company to join the booming ceramics bandwagon is Carborundum Universal. It has set up an industrial ceramics plant at Hosur, near Bangalore, at a cost of Rs.12 crore. Says M.V. Murugappan, managing director, "At its full capacity of 500 tonnes per annum, this plant can churn out ceramic products worth Rs.12 crore a year." Murugappan has also managed to rope Coors Ceramica Co, US (which is listed in Fortune magazine), as its technical collaborator. Another product to be indigenously manufactured by Carborundum is insulators for electrostatic precipitators, which are used in pollution control equipment.



M.J. PHERWANI & N.D. PRABHU



It was cause for cheer for the homeless when M. J. Pherwani, chairman, National Housing Bank, inaugurated the Bombay branch of Can Fin Homes Ltd (CFHL). Says N.D. Prabhu, chairman, Canara Bank, "This is a step in Canara Bank's move towards a financial supermarket of mutual funds, credit cards and housing finance. Can Fin Homes is also our expression of a commitment to the homeless." Very few commercial banks have ventured into housing finance.

Adds Pherwani, who has played a major role in convincing RBI to allow CFHL to expand, "Housing finance institutions are viewed as lacklustre by investors. The institutions should create a deposit-investor base and avoid over-dependence on refinance. The Home Loan Account Scheme has not taken off as expected because of lack of marketing."

Can Fin Homes now has a network of 23 branches. With total loan approvals touching Rs.231 crore, it has assisted over 25,000 families to own homes. "Our recovery rate has been near 100 per cent," says Prabhu.

NIMESH KAMPANI

One of the country's leading stock brokers is about to enter the stockmarket as promoter of a listed company. JM Share & Stock Brokers Ltd is set to go public and acquire membership on the stock exchange. Explains Nimesh Kampani, chairman and proposed managing director, "Our objective is to pioneer a whole new concept in stockbroking. We intend to create a strong dealers' network in 30 cities and offer the best possible prices to our clients."



The company also has plans to provide a comprehensive package of financial services and products to the investing public through its affiliate subsidiaries in the major cities.

ASHOK MANDORE

The up-and-coming Pune-based Sesa Seat will soon be launching the second edition of its Western India Trade Directory. Says



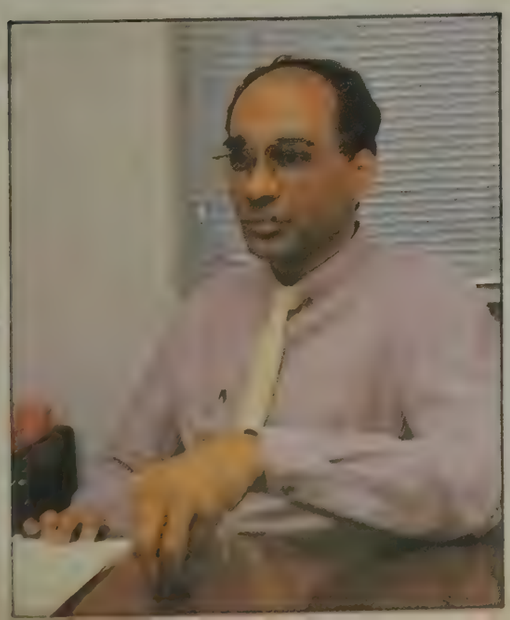
Ashok Mandore, general manager of the company, "We will soon launch a South India trade directory, and a few months later, an all-India trade directory to be called 'Indopages'."

At present, the company prints telephone directories in six cities — Pune, Bhopal, Baroda, Surat, Valsad and Kanpur. The two-year-old company has sales totalling about Rs.4 crore. The distribution of the Pune directory has gone up by 60 per cent this year and is likely to double again next year.

S. NARAYAN

First it diversified into economy class hotels with its US collaborator, Days Inn. Now Mahindra Ugine Steel Company (MUSCO) is venturing into construction and property development. Mahindra Ugine Project Limited (MUPL), the subsidiary set up by MUSCO for this purpose, recently performed *bhoomi-pujan* of its first projects in North Bombay. Says S. Narayan, chief executive of MUPL, "Like MUSCO, our accent will also be on exclusivity and high quality, for which there will be a premium."

MUPL will also look closely at scientific project management, which will help it "cut costs and time at every stage, beginning with the drawings". The next step is to get into hi-tech infrastructure development with a foreign collaborator. "We have the technology and manpower necessary for construction in India, what we want from the collaborator is long-term commitment," says Narayan.



LEO STEINKELLNER



Leo Steinkellner, chairman of the Vienna-based AKG Akustische U. Kino Gerate GmbH, was in India last fortnight to finalise the second phase of expansion of AKG Acoustics India Ltd. The Delhi-based joint venture went into production in March 1990. So far AKG India has been producing telephone capsules and microphones and achieved a sales turnover of Rs.5.5 for in 1990-91. According to Steinkellner, the market for telephones in India is increasing. "Moreover," he says, "our products also have a good export potential. We have already received export orders worth 25 per cent of the capacity."

SVEIN STEEN THOMASSEN



Svein Steen Thomassen, group managing director of the 150-year-old Norway-based industrial and trading group Rieber & Sons, has reason to be proud. Over the last three years Thomassen has tripled the turnover of the group from US $200 million to $600 million.

Thomassen was recently on a visit to Hyderabad to release the first batch of quartz-reinforced tiles manufactured by the Rs.14-crore Rikvin Floors Ltd plant, to which Reiber had offered expertise. Says he, "These tiles, produced for the first time in India, rely on the inherent strength, durability and stability of quartz." Reiber, which pioneered flame-retardant and time-tested flooring technology, has lent its technology to ten other countries besides India.

JOHN L. PAYNTER

Efforts by the Canadian government and industrialists of the maple leaf country are going on apace to increase trade and business with India. Says John L. Paynter, the high commissioner for Canada in India, "The Canada-India development agency is working on a system that will be very similar to the rupee trade between the two countries." Paynter, on his maiden visit to India, was meeting with industrialists at the Indian Merchants Chamber to discuss Indo-Canadian trade.

A former journalist, Paynter held various diplomatic posts in southeast Asia before his present assignment in New Delhi.



GEORGIY A. GOLOVKO

The city of joy is soon going to be the venue of another first. Professor Georgiy A. Golovko, head of the department of cryogenic engineering, Leningrad Technological Institute of Refrigeration Industries, visited Calcutta last fortnight to set up the first plant outside the East bloc to manufacture specialised argon gas. This tie-up with the Calcutta-based Industrial Gases Ltd (turnover Rs.5 crore) will be the Soviet Union's first project in the free-market world economy.



Professor Golovko holds the worldwide patent for a revolutionary process that enables the production of super-pure laboratory-quality inert gases like argon in commercial batches at very economical costs. Super-pure argon is used in specialised welding. "The application of super-pure gases is limitless. Till now, however, the drawback has been its non-availability," he says.

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PRIVATE SECTOR POWER

Ambitious plans in Tamil Nadu

The state to open power generation most recently to the private sector is Tamil Nadu. Energy needs in the state is increasing annually by 300 MW. With near saturation levels having been reached in hydro-electric power generation and an increasing scarcity of coal, the only available material for generating electricity in the state are the massive deposits of lignite recently discovered in the state.

A Coimbatore-based company, Tamil Nadu Industrial Captive Power Corporation (TICAPCO) has already been set up and is awaiting clearance from the Central government for establishing a private sector lignite-based 210 MW power plant with a capital outlay of Rs.450-crore, in Srimushanam, South Arcot district.

Lignite-based plant. According to G.M. Swamy, managing director, TICAPCO, the project has already clinched a deal with the Neyveli Lignite Corporation (NLC) for an uninterrupted supply of lignite for the next five years. "We have applied for mining rights, for our further needs after the initial five years, in an area near NLC's mine III, also close to the plant," says Swamy.

This Rs. 450 crore project was originally cleared in June 1988 for a captive power plant, but was delayed for want of quick processing by the government and for a policy decision regarding fuel supply for this project. However, the entire process was hastened and the project cleared during the brief DMK rule. But, the stalling of certain routine clearances by the Central government is delaying the project further.

The state government has more ambitious plans. It has announced that it plans to attract a huge investment of Rs. 6,000 crore to generate 1,500 MW by exploiting the lignite deposits found in Jayakondacholapuram in Tiruchirapalli district. It has plans to establish two projects — one for mining the other for power generation — at Jayakondacholapuram. They will be assisted by Tamil Nadu Industrial Development Corporation (TIDCO). Says R. Poornalingam, state industries secretary, "We do not want to state any conditions that would hamper the project. We are totally flexible as far as we are concerned, about tackling the presssing energy needs of the state."

The state government estimates that Jayakondacholapuram has lignite deposits of nearly 6,000 million tonnes (mt). Of this, 110 mt will be used for the mining project involving an investment of Rs. 25,000 crore. This does not include the Rs. 6,000 crore investment for the lignite-based thermal plant with an installed capacity of 1,500 MW.

No other option. Costwise hydel projects are the cheapest. It costs about Rs.1 crore to establish a one MW plant, while it is Rs.1.5 crore per MW in the case of coal and nearly Rs.1.7 crore per MW in the case of lignite, "We have exploited all our hydel potentials. The supply of coal has become erratic. Hence, the government opted for lignite-based power generation," says Chikkoba, member, power generation, Tamil Nadu Electricity Board (TNEB). In thermal power generation, the quantum of coal consumption is nearly equal to the quantum of the lignite consumption. The only way to raise the required funds is to privatise the power sector.

While inviting applications from private promoters TIDCO has announced that all ground rules, incentives, and guidelines framed by the Central government will be strictly adhered to.

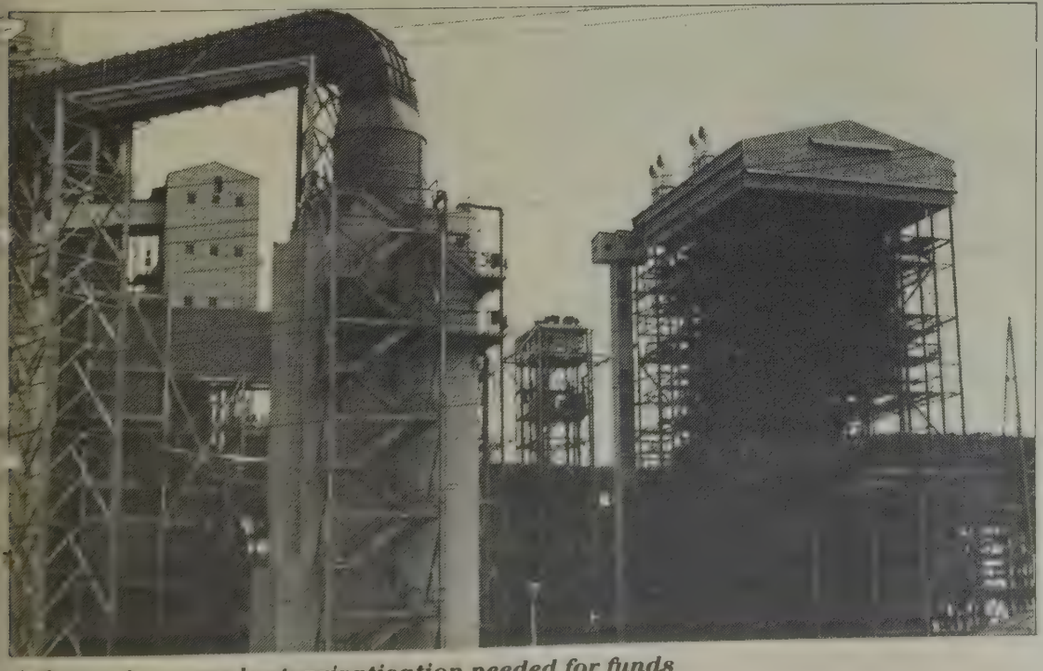
The guidelines include a debt equity ratio of 4 : 1, assuring a 15 per cent rate of interest against the normal 12 per cent, raising 40 per cent of the funds from Indian financial institutions and the balance from other sources to be arranged by the promoters. "We have already availed of the funds from the World Bank and the Asian Development Bank. The main reason for privatisation is that the private promoters have access to resources which are generally not available for government projects," says Chikkoba.

The new company, to be floated for implementing the projects will have an equity base of 20 per cent of which a minimum 11 per cent will be contributed by the promoters. The power generated will be purchased by TNEB and will be based on a two-part tariff. The first part will ensure recovery of fixed costs and the second will meet variable expenses. The tariff rate will be governed by the guidelines of the Central and state governments.

Few takers. However, there are few takers for the 1,500 MW project. TICAPCO has rejected the government's offer. According to Swamy, there were three reasons to ignore the state government invitation. Says he, "Firstly, TIDCO as co-promoter has to put in about 11 per cent in the mega project. It is common knowledge that TIDCO does not have the resources. Secondly, there is no single big group in the state which can afford such a huge investment. Thirdly, with every state making similar offers, possibilities of non-South companies taking up this capital-intensive project are bleak."

While smaller projects are bound to attract a lot of suitors a Rs.31,000-crore private sector power plant in Tamil Nadu will possibly remain a pipe dream.

■ A.S. PANNEERSELVAN



A thermal power plant: privatisation needed for funds

DRUG PRICES

MRP: welcome step?

The already complex Drug Price Control Order is bound to become harder to comply with, when its most recent amendment takes effect next month. According to the amendment order issued by the union ministry for chemicals and petrochemicals last fortnight, all drugs outside price control will now have to be sold in packages stamped with the maximum retail price (MRP), inclusive of all taxes.

This brings the drugs in line with other consumer products for which the rule is already applicable from May 1990, (under the Consumer Protection Act, 1986). In fact, it was this modification of the Packaged Commodities rules that made a lot of people sit up and ask that it be extended to medicines as well. With good reason. For far too long consumers have been forced to pay for arbitrary mark-ups in the guise of 'local taxes'.

More work. For the pharmaceutical industry, it means a lot more work — separate sets of labels would have to be printed for each state where the product is marketed, since the local sales tax and octroi vary from one state to another. The sales tax levied in Maharashtra, for instance, is 4 per cent, while that in Haryana is 14 per cent. "Now, if a consignment has been marked for Maharashtra, I will be unable to send it to Haryana even if a sudden spurt in demand develops over there," says Ramesh Bafna of the Bombay-based Lyka Laboratories. The result could well be a temporary shortage of a drug in one part of the country which the manufacturers might be powerless to relieve.

The alternative would be to try and calculate what is known as a 'weighted average' rate of taxes, which is done now in the case of ayurvedic and proprietary drugs. "Even then, the consumers would stand to lose," says Kishore Shah, president of the All India Organisation of Chemists and Druggists (AIOCD), "particularly in states that charge a low tax rate."

The loss to consumers could be even greater if manufacturers decide to follow the example of Himalaya Drugs Ltd, a producer of ayurvedic medicines. This company uniformly recovers the highest rate of sales tax levied in the country — ie, 14 per cent in Haryana. In both situations it is the government that gains the most, although protection of consumers' interest was ostensibly the motive behind the amendment.

Says Chitra Sirur, chairperson of the Consumer Guidance Society of India, "I would agree that if the highest rate is recovered, the consumer does lose out. But the loss is acceptable if a weighted average is taken. We are now demanding a uniform sales tax throughout the country." Some companies, like Parle, have worked out a tiered price structure. "So why can't the drug companies do it?" Sirur wants to know.

Retailers happy. The retail chemists and druggists, however, welcome the order because it saves them the trouble of calculating the taxes on each and every bottle of cough syrup. Also, the possibility of facing prosecution in case there is a slight error in the computation is no longer there.

Interestingly, the order does not apply to drugs under price control. As an official of the Organisation of Pharmaceutical Producers of India (OPPI) points out, "This automatically excludes 75 per cent of the total sales of medicines in the country." As such, it is unlikely to benefit the consumers significantly.

Some industry experts also doubt whether the government has the administrative machinery to enforce the new rule. Many feel it may die a quiet death like the Drug Price Equalisation Account (DPEA) of a few years ago. If that does indeed happen if would be taxing times once again for the consumer.

■ SUMIT GHOSHAL



MRP excludes 75 per cent of medicine sales

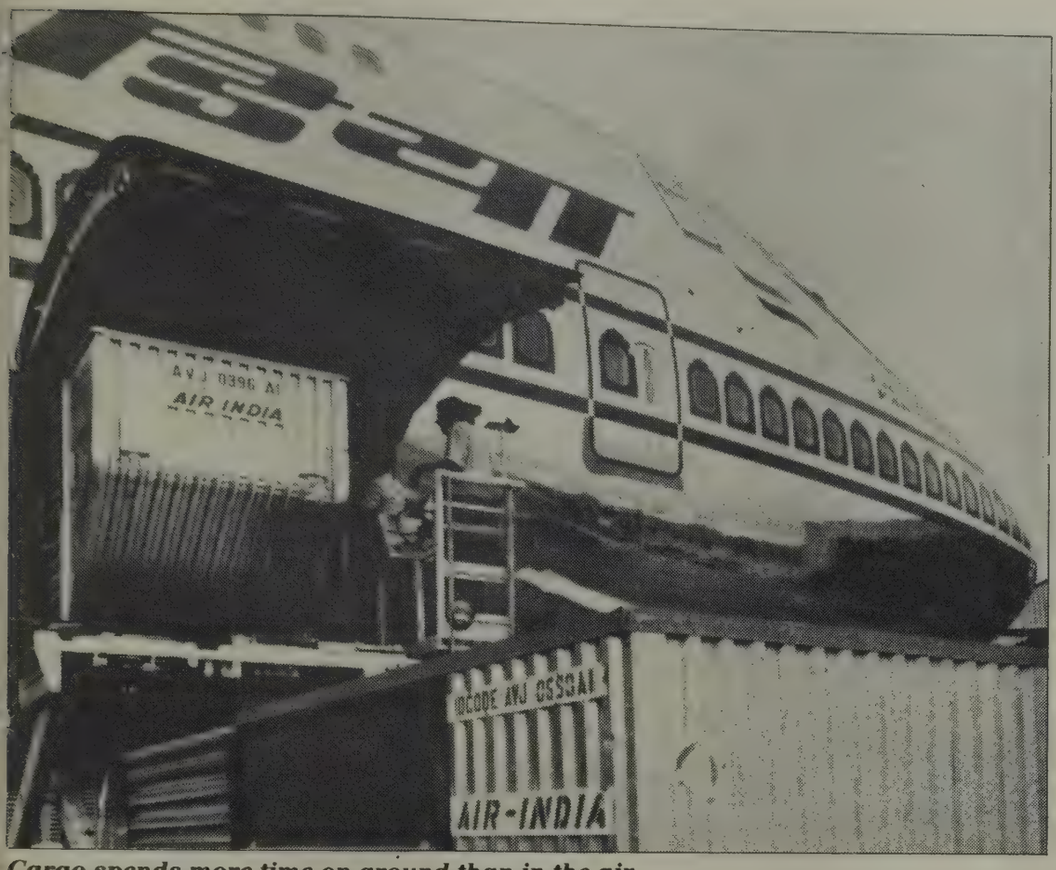
AIR CARGO RATES

Sky-high

In April last year, the government made a decision that had important implications for both the air cargo industry and exporters. The cargo rates determined by IATA were to be treated as the floor rates and the airlines could charge as they saw fit above it. This decision was in keeping with the government's open-sky policy, meant to encourage foreign carriers to operate in India.

The foreign airlines had been complaining that the devaluation of the rupee plus the fact that in-bound cargo traffic is less than outbound, meant that rates would have to be raised in order to make operations viable. The Gulf crisis led to not only an increase in fuel prices, but also a re-routing of the carriers over Moscow or Afghanistan, further increasing costs — all valid reasons for raising rates.

Premia skyrocket. The result of the government's announcement was to send the prevailing unofficial premia on rates skyrocketing. According to one agent, rates have gone up by 55 per cent in the last year and a half. For example, the rate for leather goods to Frankfurt last April was about Rs.31 a kg. Today it is anywhere from Rs.48 to Rs.54.60 per kg. There is no uniformity among the airlines as regards rates. In fact, they now vary depending



Cargo spends more time on ground than in the air

not only on the kind of cargo, but also the exporter, the agent and their relationship with the airline. Agents are reluctant to complain, as this reportedly leads to problems with the airlines.

This being the peak season, airlines are in a position to set terms. Thus, agents claim that there is a preference for low volume cargo as opposed to that which takes up more space at the same weight. According to Harald Lusche, cargo manager, Lufthansa, however, "While we would prefer low volume cargo, we try to maintain a good mix and accommodate voluminous cargo as much as possible."

While a few airlines have ostensibly stuck to the IATA rates, they make up for this by lowering breakpoint rates. This means that a 1,000 kg package, for instance, would be accepted only in five 200 kg packages. And since normally, the heavier the consignment, the lower is the rate per kg, by insisting on smaller packages, that is, a lower breakpoint rate, the discounts are reduced. The airlines are also ignoring the special rates provided for certain kinds of cargo.

The increased freight costs have only worsened an export situation already put in a quandary by increasing government regulations. Says Prakash Mahtani, director of Tejoomals, exporters of leather goods, "Due to the overall situation, we will be cutting our autumn-winter exports to Europe by 50 per cent." Exporters and their agents have begun looking for solutions like sending goods via say Bangkok, thus availing of cheaper rates from there, or a sea-air combination via Dubai.

The extra shipment time taken would just about equal the normal delays at the airports which could be anything from 10 to 20 days. Says Ramu Deora, president of the Federation of Indian Export Organisations, "Our cargo spends more time on the ground than in the air." Agents are also examining other options to reduce their dependence on airlines. Eastern Cargo Carriers for one, has begun chartering carriers, to transport 200 tonnes per month.

Guidelines expected. The general opinion among exporters and agents is that Air India as the national carrier should play a larger role in regulating rates. An increase in both capacity and efficiency, it is felt, would improve things. Counters J. Bhargava, chief public relations manager, Air India, "We are indeed increasing capacity, and our efficiency is comparable to any foreign airline."

The government is also expected to set down guidelines. Says Vinod Seth, chief executive of Eastern Cargo Carriers, "Without government intervention, the smaller players will be squeezed out and there will be no room for new entrants." While premia are expected to go down in the slack season starting May, a spokesman for Air France claims that IATA approval of raised rates is expected later this year. Given this sort of a situation, it would seem that what goes up does not necessarily come down.

■ SARAH ABRAHAM

MTDC

Upturning virgin soil

The term 'tourism development' implies much more than running tourist bus services or the stray holiday resort. Realising this — rather belatedly, it must be said — the Maharashtra Tourism Development Corporation (MTDC) has recently rewritten its agenda. Deviating from its traditional role of running resorts and bus services for tourists, it has set its sights on the development of virgin land along the Konkan coast. The corporation has identified 32 locations where international standard, upmarket as well as budget hotels are expected to come up within the next decade.

Comments Jayant Kawale, the corporation's joint managing director, on the new line of thought, "Now we don't mind our competitors building hotels. Today, we see this as development, whereas earlier we viewed it as competiton."

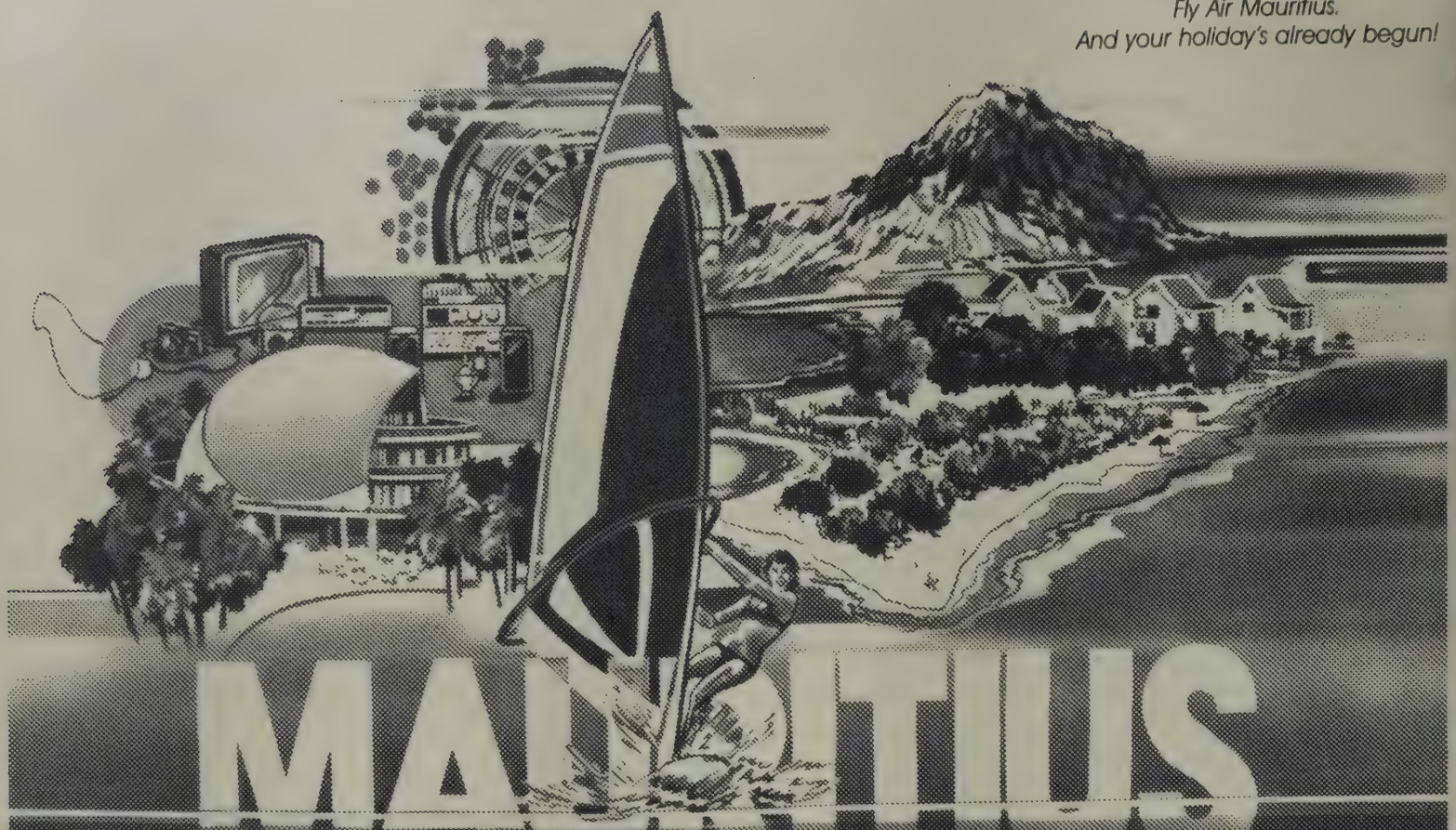
Nodal agency. In a change from its earlier policy, MTDC is now planning to withdraw from operational activities and become a nodal agency for the development of tourism by undertaking a different set of activities. Taking care of infrastructural facilities, providing land, offering basic amenities for motorists using national highways, are some of the major plans chalked out by MTDC.

The corporation has a "Perspective Growth Plan", based on which it has asked for the allocation of funds from the Central government in the Eighth Five Year Plan. Its plans involve roping in private developers to build resorts/ hotels and thereby develop the locations as tourist spots. The land is provided by MTDC. "We get the land either through an allotment from the government or we acquire it directly," says Kawale.

MTDC's tent holidays offer the tourist a novel experience and introduce him to a hitherto unknown getaway spot, thereby popularising the location. "The tent

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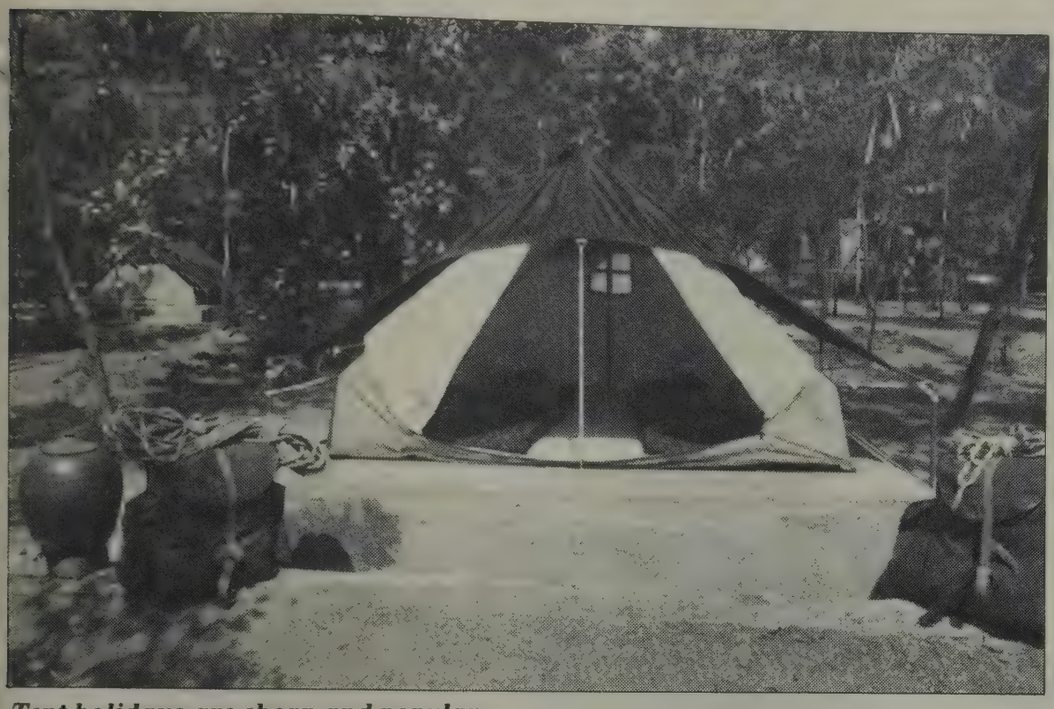
The group return air fare per person is only Rs. 6241 Ex Bombay, Rs. 7386 Ex Delhi/Madras and Rs. 8187 Ex Calcutta (A minimum of 4 persons for 6 days in Mauritius). Hotel packages including food, from US $ 220 upwards.

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Tent holidays are cheap and popular

holidays are very popular," says Kawale. One can hire a tent for as little as Rs.50 per night or take a three-day package complete with transport to and from the destination, daily meals, local sightseeing, for Rs.1,200 per couple. The tent has basic facilities like beds, a cupboard, mirror and water filter. The only drawback is the lack of a private toilet.

However, MTDC's offer to private developers has not met with a great deal of enthusiasm. According to Mukhtar Hussain of Suman Motels Ltd which runs five to six motels in Maharashtra (but aren't building any on MTDC land), "Their location is for the promotion of tourism, our location is for business facilities." Another private developer is more explicit when he says, "Basically the plots which MTDC are offering are not developed locations. They are beautiful spots but we are sceptical about the availability of infrastructural facilities." Others complain that not enough publicity has been given to MTDC's plans and procedures. This means that only 'insiders' have an opportunity to participate.

Negative factor. Whilst MTDC plans to team-up with the concerned authorities for the supply of water, electricity and roads, private developers complain that most of the locations have no rail connections, another negative factor. Also, they are not interested in the development of hotels as a majority of them are slated to fall into the two or three star category, aimed at the tourist on a budget. "Such budget hotels have rooms priced as low as Rs.150 which does not ensure a good profit margin for the owner. Also there is no assurance of a minimum level of room occupancy," states a developer.

Ignoring the lukewarm response from private developers, MTDC is merrily drawing up its plans. Providing facilities for motorists on the state's highways is another area under consideration. Plans are on to have a motel every 75-100 km. Along the lines of highway amenities in the US and Europe. The motel would provide the traveller with facilities like toilets, restaurants, petrol, first aid and a general store.

"There are some stretches along the highway which already have such motels and we intend to build the rest. Eventually our plan is to link all those motels to form a chain so that the traveller can have the benefit of the same facilities in every motel that he plans to visit," states Kawale.

On a macro level, promoting and developing existing tourist spots forms part of MTDC's multi-faceted growth plans. The Ajanta and Ellora caves near Aurangabad have been selected as major development targets. The infrastructural development programme for that area includes a Rs.200-crore plan to set up a broad gauge railway line on the Manmad-Aurangabad sector as well as extend the road leading to the caves. The basic plan also includes a secluded area, free of any development for a radius of 4 km around the caves.

MTDC is among the top three state tourism development corporations and is now on the upswing. It posted a turnover of Rs.3 crore last year. Kawale expects the corporation to break even this year and sees a lot of potential for the future. The degree of success the corporation achieves will depend upon the timely implementation of its plans and the willingness of the many sectors, both public and private, to provide their services.

■ MANALI RESHAMWALA

GOLD COINS

Scoring over sentiment

Investors in gold need not restrict themselves to just gold biscuits and jewellery any more. Two companies in the gold trade are gearing themselves to introduce, rather reintroduce, gold coins into the market. The companies, National Refinery Private Ltd (NRPL) and Narrondass Manordass (jewellers) have decided to relaunch coins in view of the fact that British sovereigns continue to be quite popular. The 22 carat sovereign coin, weighing eight grams, sells at Rs.3,050.

The manufacture of gold coins was discontinued in 1963 following the promulgation of the Gold Control Act. The repeal of the act last June by the Janata Dal government has ushered in a new air of freedom in the gold trade and industry. The Act now permits traders to buy and sell large quantities of gold in the open market and allows refineries to refine gold freely.

Value for money. The new coins will be manufactured in the weight range of 1.25 grams to about 500 grams. Says Mukul Sonawala, partner, Narrondass Manordass, "It all depends on the market. If there is a demand for larger coins, we will manufacture these too." The coins will be 99.5 per cent pure and will be certified by the manufacturers themselves, rather than the Reserve Bank of India. Mukul Sonawala plans to launch the coins shortly, under the company's hallmark. He expects to sell about 1 to 2 kg of coins initially, and is confident that the market will develop quickly. "The idea is to provide gold in pure form where the buyer gets value for money".

Although NRPL and the Bombay Bullion Association also possess (along with Narrondass) the Central excise licence to manufacture coins, they have no immediate plans to launch them. Says S.N. Sonawala, president, BBA, "At the moment

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Gold coins: new investment opportunity

the demand is low. And with the 15 per cent central excise duty the price of a coin would be very high." J.B. Sonawala, managing director of NRPL, thinks it would be uneconomical to manufacture the coins at this stage. Both NRPL and BBA would prefer to wait till the duties are done away with to float the coins.

According to the Bombay Bullion Association, the total demand for gold is to the tune of 250 to 300 tonnes per annum which works out to about Rs.7,000 crore. About 120 tonnes of gold is smuggled into the country every year. Almost all of it, goes into jewellery. Now with the repeal of the Gold Control Act any jeweller can obtain the Central excise licence to float coins in the market.

The Gold Control Act was introduced in 1963 in the aftermath of India's war with China. The idea then was to curb hoarding and increase the turnover of the metal in the market, as well as to stabilise the price. However, just the opposite happened. Buyers were not at all put off by the stringent regulations, and continued to buy as usual, making the metal all the more expensive. In 1968, the government relaxed the provisions of the act; licences were allowed to those directly connected with the manufacture and sale of gold.

Main advantage. The main advantage of gold coins would be that, unlike jewellery, they are not chained to sentiment, making them important instruments for investment and in transactions.

M. Sonawala plans to market his coins in exchange for gold. Retailers will buy the coins against bulk gold, with Narrondass Manordass paying the excise duty of Rs.175 per kg. If payment for the coins is made by cheque, the company will face the burden of paying 15 per cent excise duty on each coin. The coins will be sold at the market rate of gold plus a five per cent premium on labour charges, thus enabling the buyer to recover his money when the market is bullish. The coins will be marketed through retail jewellers.

Although there is much jubilation about the reintroduction of the coins, many jewellers fear that a large amount of fake coins will also find their way into the market. Others, however, are pleased that now gold will no longer remain just an heirloom, but become an instrument for investment.

■ MAHIRA SHEIKH

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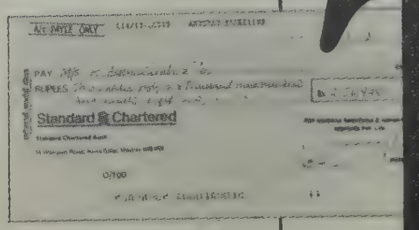
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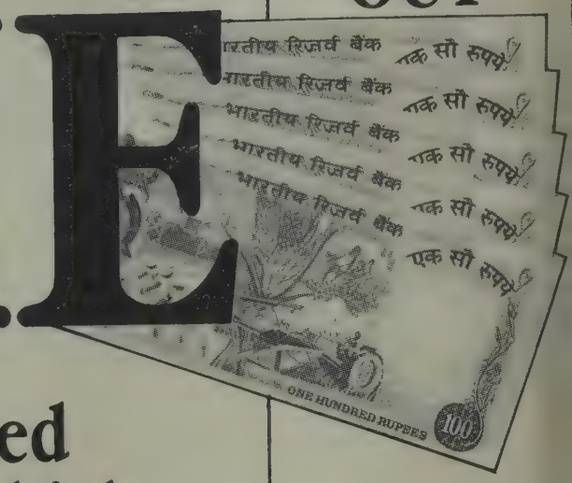
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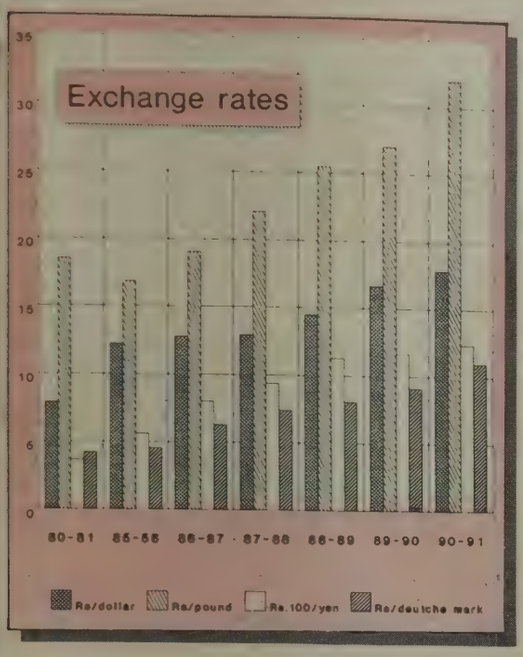
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Anugrah 638/91



Practise austerity

Every passing month brings increasing gloom when the trade figures are announced. The trade figures for the period April to January 1990 show that the deficit is up 40.1 per cent in Rupee terms at Rs.9,654 crore, against Rs.6,890 crore in the corresponding period of the previous year. In Dollar terms, the trade deficit is up 31 per cent to $5,447 million, up from $4,159 million in 1989 (April to January).

In fact, exports during the first 10 months of the current year have increased at 19 per cent, against 33 per cent in the previous year, amounting to Rs.26,236 crore. In Dollar terms, the performance is even worse and exports were up by only 11.2 per cent to $4,802 million.

Imports on the other hand were up 24 per cent during the same period to Rs.35,890 crore ($20,249 million). The chief reason for this rise is obviously the spurt in international crude oil prices. It is now expected that crude oil imports in 1990-91 would amount to Rs.10,500 crore as against Rs.6,300 crore last year.

Generate surpluses

These large trade deficits cannot be sustained indefinitely. Surpluses at some stage in the near future would have to be generated if imports are not to be severely curtailed. It is in this context that the exchange rate policy becomes significant. The Indian currency is pegged to a basket of currencies with the Pound Sterling as the intervention currency. Exchange rates (both spot and forward) of the Deutsche Mark (DM), the Japanese Yen and the US Dollar are based on the latest available rates and trends in the international markets and are announced by the Reserve Bank everyday. Exchange rates for the other currencies are derived from the cross rate of the Pound Sterling and the Indian Rupee.

If one looks at the nominal effective exchange rate of the Rupee (NEER) as computed by *The Economic Times*, the Rupee in the year to February 1991 has depreciated by 6.5 per cent. However, if one takes into account the inflation rate in the country and adjusts it against prevailing rates in the US, UK, Japan and Germany, then one could arrive at the real effective exchange note (REER) of the Rupee. The depreciation of the Rupee measured in these terms would be only marginal.

In fact, for the calendar year 1990, there was a modest increase in the REER of the Rupee.

If one looks at the REER over the 10-year period 1980-1990, the Rupee has declined by nearly 30 per cent, or about 3.5 per cent per annum. This by no means can be considered significant. Also, much of the depreciation is in the Yen and the DM and not much in the Dollar, in which incidentally the bulk of India's foreign trade takes place.

This is borne out by the fact that in 1980, the Dollar was worth Rs.7.86. It currently rules at around Rs.19.50, up 141 per cent. In the case of the Pound, Yen and the DM the increases are 91, 300 and 182 per cent respectively.

Gauging by the hue and cry often raised in Parliament on the question of devaluation, one gets the impression that the value of the Rupee is sacrosanct. Indeed, if the Rupee depreciates in value, imports become costlier and there is an element of cost-push inflation. On the other hand, exports become cheaper and therefore more competitive in the international market.

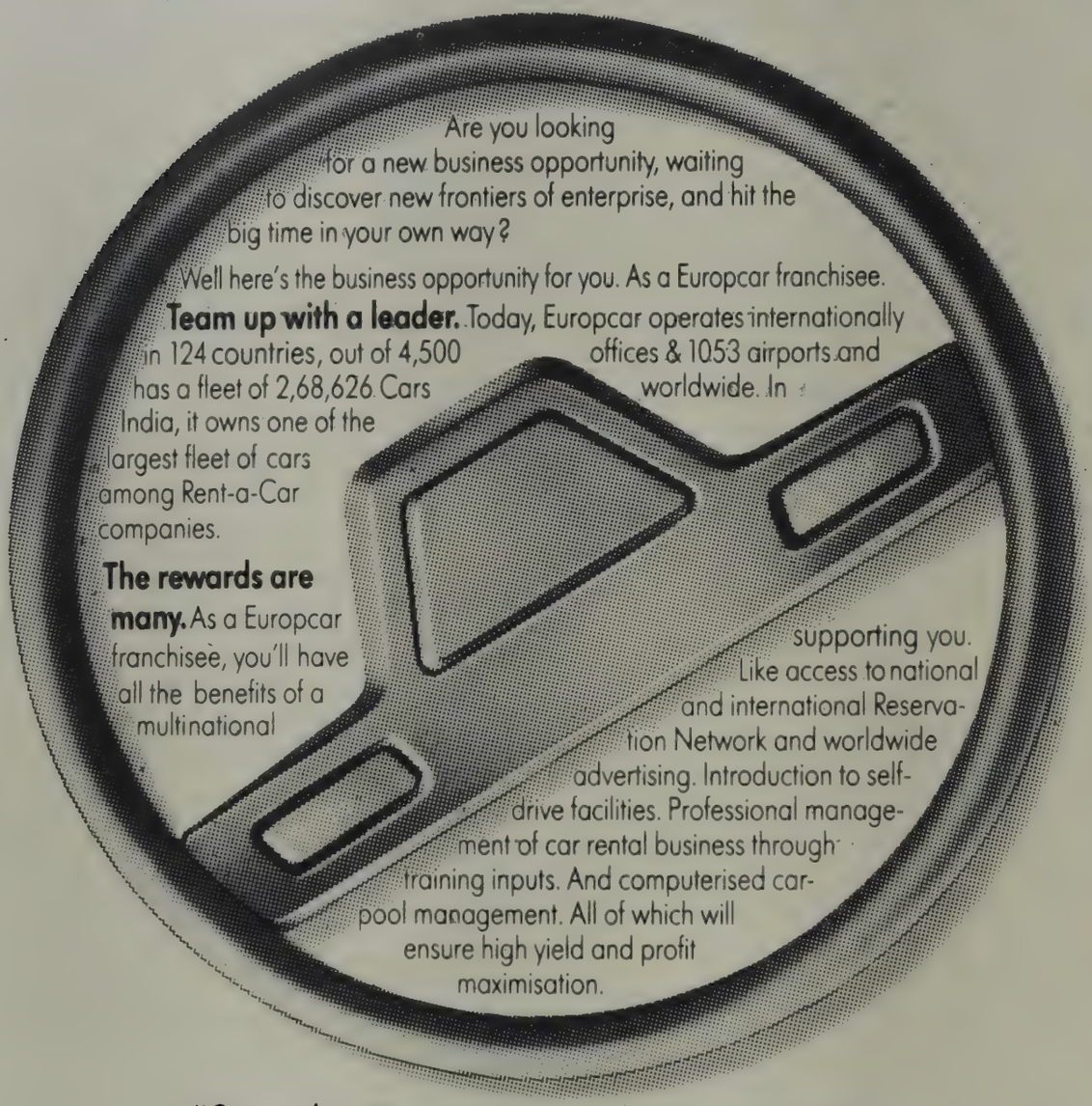
Given the precarious balance of payments position and the falling foreign exchange reserves, which as on 31 March 1991 amounted to only Rs.4,500 crore, the need to boost exports is critical. The logic is that if India is not competitive on the quality front, it should at least be competitive on the price front. In this regard, RBI has to adjust the exchange rate of the Rupee (especially against the Dollar as the bulk of the trade is in that currency) with greater finesse and dexterity. It would have to take into account inflation rates and productivity increases, not only with the US but also other nations like Malaysia, Indonesia, Philippines, South Korea, Taiwan and Thailand with which Indian goods compete abroad.

Granted that devaluation per se may not be a sufficient condition to boost exports, but devaluation coupled with fiscal austerity, monetary restraint and increase in productivity should go a long way in making India a world class exporter.

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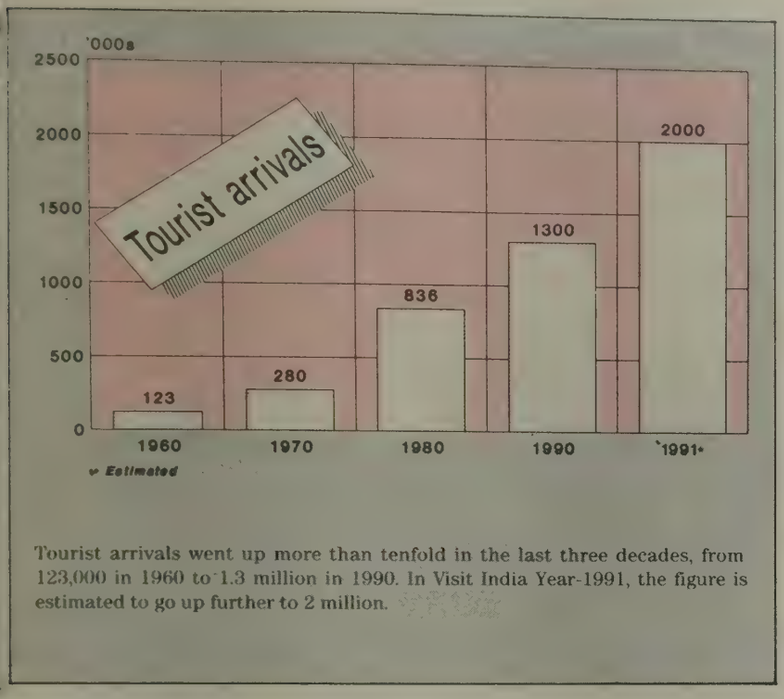
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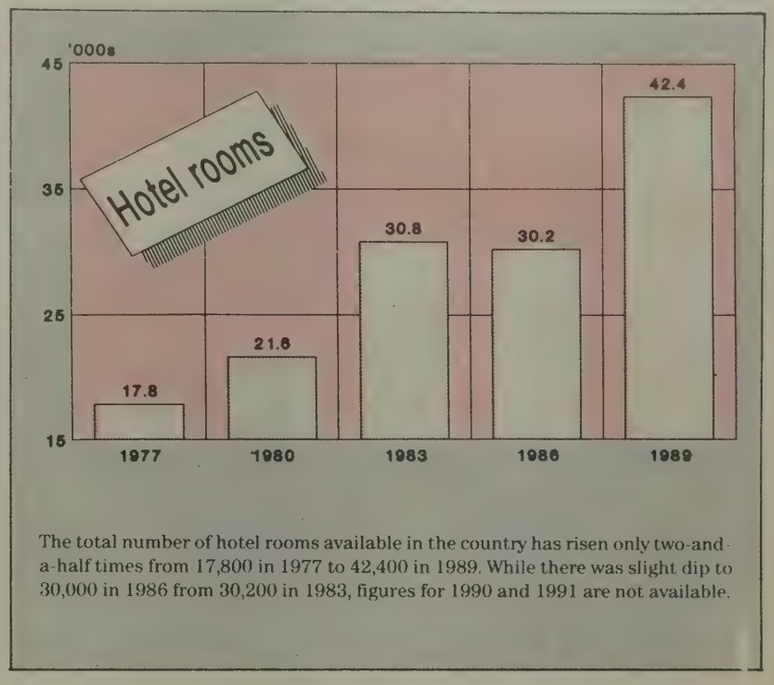
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Tourist arrivals went up more than tenfold in the last three decades, from 123,000 in 1960 to 1.3 million in 1990. In Visit India Year-1991, the figure is estimated to go up further to 2 million.



The total number of hotel rooms available in the country has risen only two-and-a-half times from 17,800 in 1977 to 42,400 in 1989. While there was slight dip to 30,000 in 1986 from 30,200 in 1983, figures for 1990 and 1991 are not available.

Wholesale price index: All commodities were marginally up during the month to 16 March 1991. In primary articles, the index for fibres was up 7.5 per cent during the month under review. In manufactured products, the index for basic heavy inorganic chemicals was up 3.0 per cent. However, the price of edible oils was down 2.9 per cent.

(1981-82 = 100)

	16 Mar '91	16 Feb '91	17 Mar '90	% change over month	% change over year
All commodities	190.8	190.3	169.6	0.26	12.5
Primary articles	196.5	196.2	166.2	0.15	18.2
Manufactured products	188.2	187.8	173.7	0.21	8.3

Consumer price index: The consumer price index for industrial workers was up 1.48 per cent over the previous month (January 1991). In the case of urban non-manual workers the increase was 0.60 per cent. On a year on year basis, the increase was 13.8 per cent for industrial workers and 13.0 per cent for urban non-manual workers.

	Jan '91	Dec '90	Jan '90	% change over month	% change over year
Industrial workers (1982 = 100)	202	199	174	1.48	13.8
* Urban non-manual workers (1984-85 = 100)	165	164	146	0.60	13.0

** Figures are for December 1990, November 1990 and December 1989*

Bullion prices and stockmarket index: The price of gold has been relatively stable during the month to 5 April 1991. Silver, on the other hand, declined by Rs.228 (or 3.43 per cent). The Bombay stock exchange index declined by 27.8 points due to the uncertain political situation.

	5 April '91	5 Mar '91	7 April '90	% change over month	% change over year
Gold (Bombay)	3528	3545	3410	-0.48	3.34
Silver (Bombay)	6633	6861	6725	-3.43	1.38
BSE index (1978-79 = 100)	1218.1	1245.9	770.4	-2.28	36.75

(Price of gold is in rupees per 10 gms and silver in rupees per kg)

Industrial production and infrastructure: The index for industrial production was up by a hefty 10.05 per cent in December 1990. This sharp increase was due to significant increases in the production of mining and quarrying (21.1 per cent), electricity (9.2 per cent) and manufacturing (8.5 per cent). Railway freight was up by nearly 7 per cent in December while crude oil production (-4.7 per cent), power generation (-1.27 per cent) and steel production (-10.8 per cent) were down. Coal and cement production, however, were up by 14.12 and 6.38 per cent respectively.

	Month	Previous month	Year ago	% change over month	% change over year
Industrial production index 1980-81 = 100	222.7 (Dec)	201.9	211.9	10.05	4.63
Railway freight (million tonnes)	28.76 (Dec)	26.75	27.25	6.98	5.25
Crude oil production ('000 tonnes)	2575 (Dec)	2697.00	2669.00	-4.73	-3.65
Power generation (million units/day)	770.67 (Jan)	780.46	713.29	-1.27	7.44
Coal production ('00,000 tonnes/day)	8.0 (Feb)	7.01	6.9	14.12	15.9
Steel production ('000 tonnes)	804 (Feb)	891.4	765	-10.87	4.85
Cement production ('000 tonnes)	4122 (Dec)	3859	3963	6.38	3.85

Money and banking: Broad money (M3) was up by 1.5 per cent during the month under review. This was only marginal when compared to the previous month. While bank credit was up by 1.7 per cent, food credit increased by 3.7 per cent.

(Rs crore)

	8 Mar '91	11 Feb '91	9 Mar '90	% change over month	% change over year
Broad money (M3)	2,61,884	2,58,020	2,28,203	1.5	14.7
Aggregate deposits	1,89,186	1,86,836	1,64,823	1.3	14.7
Bank credit	1,13,543	1,11,601	99,141	1.7	14.5
Food credit	4,733	4,566	2,060	3.7	129.8
Credit/Deposit ratio	60.02	59.73	60.15		

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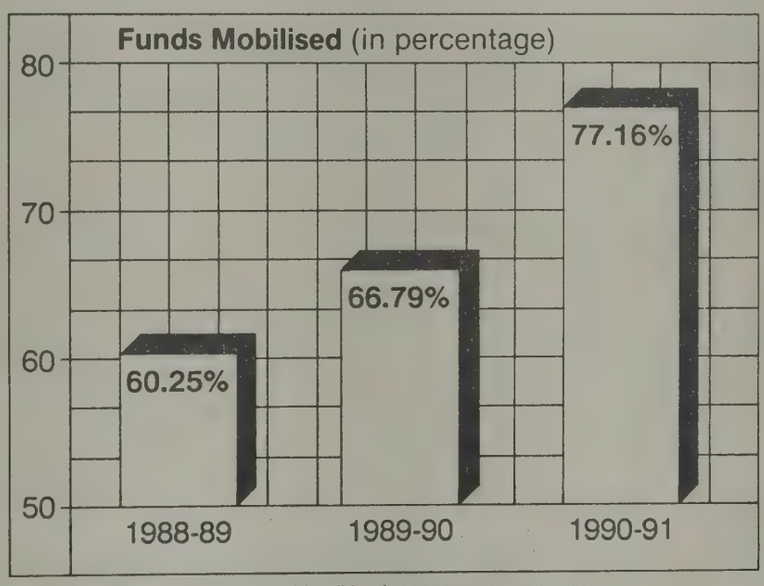


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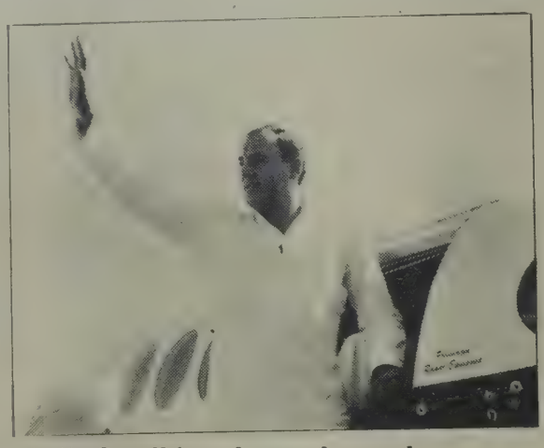
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ADROIT-440/91

Repeating a mistake?

It is only a decade and a half since the then prime minister Indira Gandhi's election from the Rae Bareili constituency was set aside on the grounds that a government official (Yashpal Kapoor) was campaigning for her, even before he resigned from his job. Son Rajiv Gandhi, however, does not seem to have benefited from his mother's experience. One finds two senior government officials — a secretary to the government of India and a director level officer in a ministry — merrily electioneering for the Congress party. Their names are an open secret in Delhi. One wonders what would happen if some of the other parties collect tell-tale evidence and present it to the Election Commission.



Rajiv Gandhi: no lesson learned

Taxmen call a halt

Income tax raids have again come to a halt. This is because of the reluctance of taxmen to undertake raids. This reluctance stems from the beating that a raiding party recently got at a bazar in Gwalior from shopkeepers whose premises they had gone to search.

Only last year, members of a raiding party were stripped naked and thrashed squarely in Muzaffarnagar. Following this, taxmen resorted to an all-India strike and reported to duty only when the government assured them adequate protection during a raid. Obviously this was only an empty promise as the recent incidents show.

Guide book to win elections

The Lok Sabha polls are here. Are you planning to run for the elections and want to win? If the answer is in the affirmative, please consult Jag Parvesh Chandra, the former chief executive councillor of Delhi. Chandra has never stood for Parliamentary elections, but he has recently written a book: *How to win elections*, which is now being hawked at Rs.50. The book must be the only one of its kind in India and if Chandra's claims have to be believed, then, by pursuing the campaign strategy outlined in the book, a candidate can maximise his chances of getting elected. However, before one takes an interest in reading the book, we would like to make it clear that there is no chapter on booth-capturing in this book.

Not by sympathy alone

Only Chandra Shekhar could do it. This must be the first time that a prime minister has written to a secretary of a state government sympathising with him for being superseded. The officer in question is Ashok Chatterjee, the higher education secretary of West Bengal. Chatterjee, along with half a dozen other IAS officers of the state cadre were superseded last month by a relatively junior officer who was installed as chief secretary of the eastern state by the Marxist government there.



Chandra Shekhar: strange sympathy

Obviously, all the officers went mad with rage over the move but it was only Chatterjee who wrote to the PM complaining. But Chatterjee's feelings have obviously not been assuaged by the PM's sympathy, for he is now boycotting all meetings chaired by the newly-appointed chief secretary.

Planning, but for whom?

Gone are the days when the Planning Commission was a stable organisation with its members enjoying a long tenure. Nowadays, with unstable governments around, the tenancy period that members enjoy at Yojana Bhavan has also correspondingly declined.

So, when are the present Planning Commission members going to resign? If the grapevine is to believed, Mohan Dharia and company are planning to quit after they have prepared the final draft of the Eighth Plan. That would be in early June, around the time the next government comes to office, But considering that the new government will bring along its own perspectives, there will obviously be a total recast in the plan, which means that the present Planning Commission could do well to resign right now.

A smart idea

Indian farmers could soon be sprinkling East German fertilisers on their fields. Apparently the new German government has decided to keep a lot of land in what was formerly East Germany, fallow for the next few years. This is to restore the land to its original strength.

But this means that fertiliser plants in East Germany would lie idle for the next few years, leading to further unemployment. To get over the problem, the Germans have a bright idea. Why not make an offer to India to buy fertiliser produced in these factories? Perhaps, soon our peasants will use foreign fertilisers on their fields.

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ELECTIONS

BJP's liberal economic agenda

Even though the Bharatiya Janata Party (BJP) will go to the forthcoming polls on the plank of *Ram Janmabhoomi*, it has readied an economic package to sell to the electorate as well. The package, which includes an action plan for economic affairs — the first that any party has prepared — is ready but has not yet announced.

The broad thrust of the action plan is towards deregulation, freeing the economy of controls, and securing economic growth with social justice. This, according to party sources, is sought to be achieved by a development strategy which is influenced by the cultural heritage of the country. (It is not, however, very clear from the plan how the heritage is to be uniquely exploited for the purpose.)

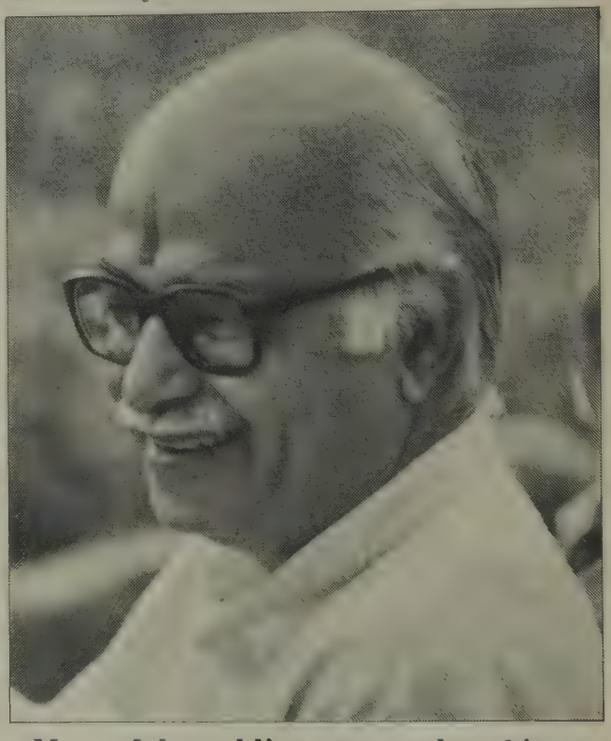
It is on the basis of this plan that a comprehensive industrial policy will be prepared, if the BJP comes into power. According to a party source, the policy will have certain broad parameters in the form of a few guidelines. Entrepreneurs will have to adhere to these guidelines. But beyond this, they are free to do anything. It will be akin to simple traffic rules: one is free to drive as one pleases and go anywhere as long as he or she adheres to the rules. The policy is geared towards complete debureaucratisation. The BJP's action plan is also expected to make clear that the purpose of organised industry is to produce goods and services; it is illogical to expect it to create employment.

Emphasis on agro industries

The major chunk of employment is expected to be created in small cottage and agro industries. Special emphasis will be laid on the latter for two reasons: to process local produce and to prevent large scale migration from rural to urban areas.

The BJP also promises to unveil a plan for the 'peoplisation' of public sector undertakings, if it comes into power. In certain areas like hotels and tourism, the public sector would completely withdraw; shares will be sold to the general public. In other areas, like public sector banks, there will be 'peoplisation' in a phased manner. But there is no plan for divestment from development banks.

Says the BJP source, "We recognise the need for the public sector in certain critical areas like defence. But, in view of the fact that most of the public sector undertakings are not functioning well and continue to depend on the public exchequer for support instead of contributing to it, there is no other way but to 'peoplise' them. This would also help to reduce the fiscal deficit that the government runs year after year, leading to imbalances in the economy."



Most of the public sector undertakings are not functioning well and continue to depend on the public exchequer for support instead of contributing to it... there is no other way but to 'peoplise' them

On the foreign exchange front, the BJP promises to consider the feasibility of free convertibility of the rupee and allow the market mechanism to determine the rate of exchange. The BJP insider says, "There is a case for delinking the rupee from the basket of currencies. In the short run, the rupee will depreciate, but that will make our exports price competitive abroad and obviate the need for subsidies. Imports will become costlier, but that will lead to curtailment of some of it, especially the inessentials. In the long run, all this will lead to the strengthening of the rupee. It would lead to greater foreign exchange inflow and solve our balance of payments problem."

He adds that this is the only long term alternative to approaching the IMF frequently with the begging bowl. The party also wants to encourage greater NRI investment. To woo them, it plans to set up industrial and technological parks, as in Taiwan, where those coming in will be given all facilities. Foreign investment is also to be welcomed but only in import substitution and export promotion areas — not in the consumer goods sector.

If voted into power, the BJP will also strive hard, it claims, to try and convince nations in the region to form a regional body called the 'Asian Corridor' on the lines of the EEC.

Tax promises

The BJP's economic action plan promises to rationalise the tax structure and weight income tax deductions to different sections, and especially salaried employees. For purposes of income tax, real income will be taken into account.

In the plan document, the BJP opines that the development process is meaningless if it does not lead to an improvement in the fortunes of the people. It says that the development strategy pursued till now, though successful in breaking the barriers of the Hindu rate of growth of 3 to 3.5 per cent, has led to the creation of only a small group who are conscious of the need and possibilities for growth. This is the group which has benefited from the growth process. Scarce resources are being diverted for production of goods for the benefit of this elite class. This, the plan says, has the potential for leading to partial paralysis of society. But these elite, however, cannot be ignored because such a move could lead to smuggling, etc.

What has to be attempted is a balance and adjustment among different groups of society. The party says it will attempt to end certain paradoxes — like rising foodgrain prices even in times of bumper crops.

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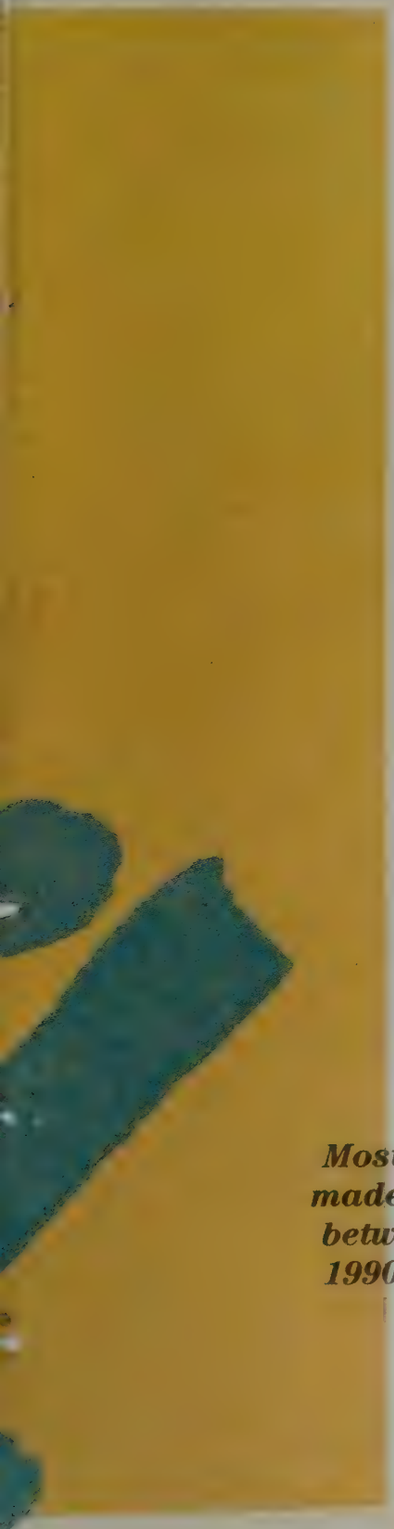
Corporate results for 1991

How 120 large companies will fare in 1990-91 and beyond

Illustrations by Avinash Godbole



The definitive picture on the corporate sector's performance in 1990 will not appear until the end of May this year, when the majority of results for the fiscal year ended 31 March will be available. Although six-monthly performance till September 1990 was excellent and unprecedented, there is good reason to believe that the second half of 1990 was different and that the economy suffered a serious setback. Hence, the rise in net earnings of the private organised sector of 60 per cent in the first half of the year, (while turnover rose 35 per cent) will not be maintained in the second half.



Most companies made zero profits between October 1990 and March 1991

How bad will it actually be on the bottom-line? *Business India* forecasts that profits for the corporate sector will rise by 30 per cent for 1990-91 while turnover will show a rise of 20 per cent. While this appears reasonable compared to 1989-90's rise in earnings of 40 per cent, it is not really so. When the numbers for the first half till September 1990 are factored in, the overall rise of 30 per cent means that most companies made zero profits between October 1990 and March 1991.

To find out what corporate performance is likely to be reported for fiscal 1990-91 and beyond, *Business India* polled 120 large companies about their functioning. Most companies were forthcoming with this information, which is presented in the table on pages 54, 55 and 58. Some companies were, however, coy and worried about the impact on the stockmarket and recourse had to be had to market analysts, dealers, competitors and bankers for the requisite information.

Government spending cut

The most important factor of change was the Gulf crisis which began early last August, raising international petroleum prices by over 60 per cent. Facing a cash problem as a result, the government's spending on development programmes fell sharply. This hurt the expenditure of the rural and urban middle class on the one hand while government demand for capital goods also slumped. Hence, a broad range of consumer goods (including automotive, food products and paints) and specific capital goods sectors (such as pump-sets, power equipment and chemicals) were affected.

The government's knee-jerk response to the rise in oil prices, in fact, led to Indian petrol prices being one of the highest in the world. To make matters worse, the government imposed a supply cut — serpentine queues formed at petrol pumps and the surface goods transport system was thrown out of gear. The imposition of a "Gulf surcharge" on corporate profits did not exactly help sagging bottom-lines either.

The government also responded to the Gulf crisis by raising the price of other petro-goods and by taxing synthetic and viscose fibres heavily. A wide range of industries was directly hurt by this move. Anand Rathi, senior president of Indian Rayon, said that raising taxes on synthetic fibres led to "a recession in viscose filament yarn and caused the textile division of Indian Rayon to go through a bad phase in the latter half of 1990 before settling down in February this year". F.C. Rustagi, president of J.K. Synthetics, also feels that the current recession in synthetic fibres was caused by the excise hikes of last December.

The second cause of the recession was the civic disturbance in the second half of 1990. Trade and

transport were seriously disrupted in the north, aggravating the problem caused by the supply cuts in diesel made earlier. Several managing directors who spoke to *Business India* complain of the effect "Mandal and Masjid" had on their corporate bottom-lines. For example, N.S. Sunder Rajan, managing director of Tomco, says that his company's sales in Bihar and UP were particularly affected by the civic violence last year.

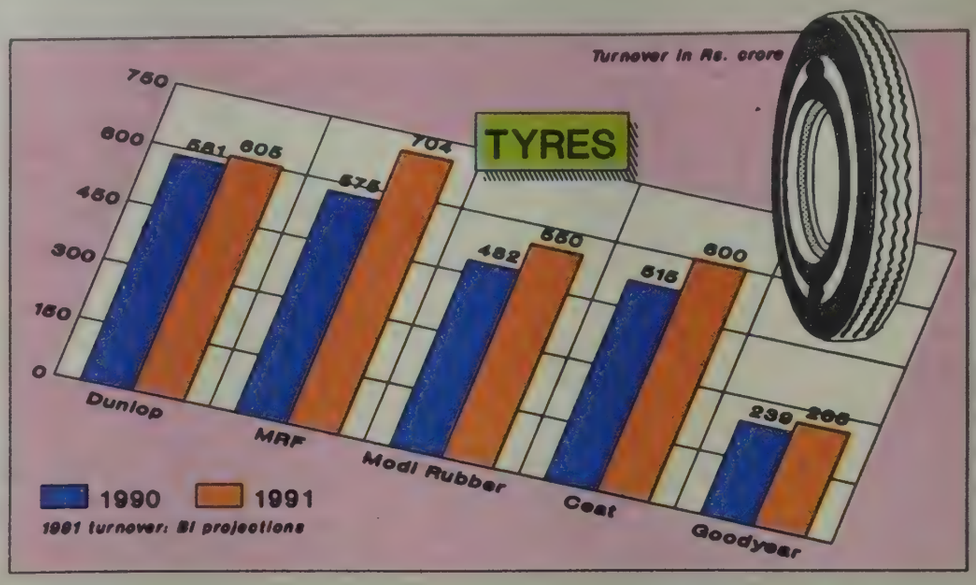
In fact, most corporate observers wonder how an excellent first half performance could deteriorate to such an extent in the second, unless it was because the government, and especially the political leadership, had been overly cavalier. The consensus among them was: if the government spent most of the second half of 1990-91 talking of a gloomy economy, it alone was responsible.

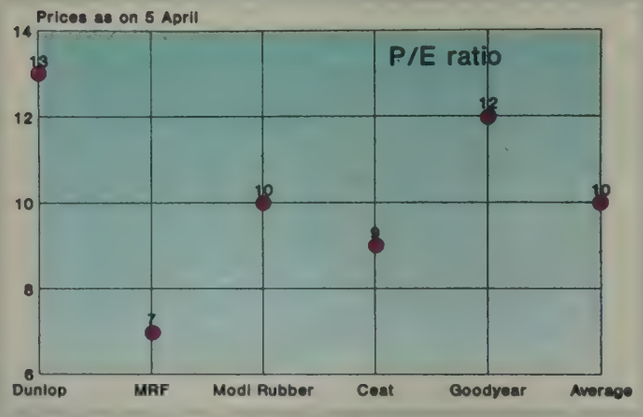
How bad was the resulting recession from this unfortunate mix of factors? Most economists are of the view that the economy will show almost a zero growth rate for the second half of the fiscal year. Since growth in the first half was a buoyant 8.5 per cent, this puts the likely GDP growth rate for 1990-91 at about 4.5 per cent. Kirit Parekh, director of the Indira Gandhi Institute of Development Research in Bombay, agrees with this figure. He does not see it exceeding 5 per cent and adds that the petrochemical industry would probably be the worst hit.

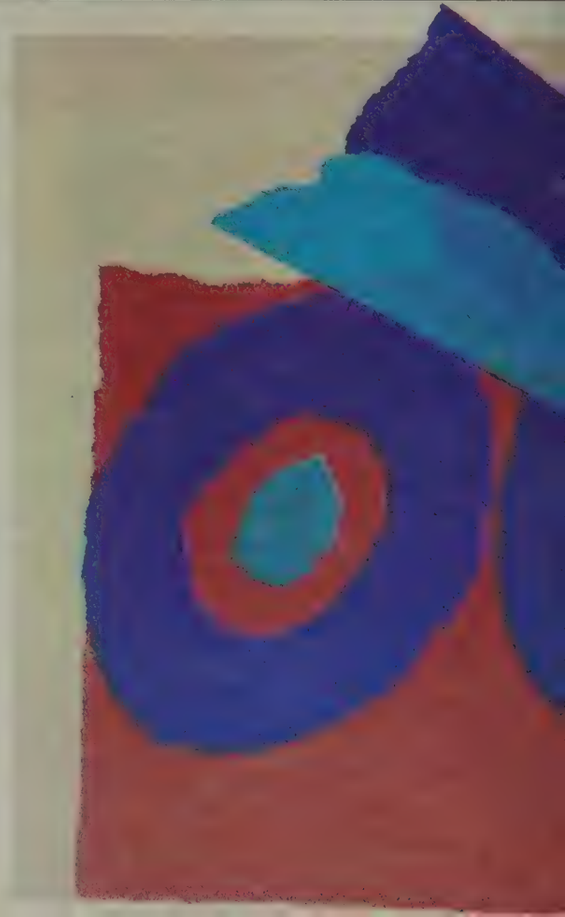
As R. Bharadwaj, director of economics at Bombay University, notes, the recession was accompanied by a sharp jump in the inflation rate from 10 to 12.5 per cent in the second half of 1990. With inflation likely to continue at 15 per cent through the first half of 1991, the Indian economy is in the peculiar condition of a demand slowdown at the same time that prices are up sharply. However, he believes the current year will be better, provided there is political stability and a good monsoon.

On the shop floor, the economists' words meet reality. K.K. Nohria, managing director of Crompton Greaves, notes that the 20 per cent growth rate registered in 1989-90 will not be matched in 1990-91. He expects a fall to 17 per cent (2 per cent real growth after expected inflation) but expects improvements in efficiency to keep profits rising as in the past. R.V. Raghavan, vice-president at Voltas, similarly states that he expects the company's margins to be under pressure due to higher input costs and substantial new investments.

It is clear that well-managed companies, which have gone in for modernisation in the past five years will be less affected. Thus, companies like Telco, Century and Grasim will come through this past year in better shape than companies like J.K. Synthetics, ICI and LML.



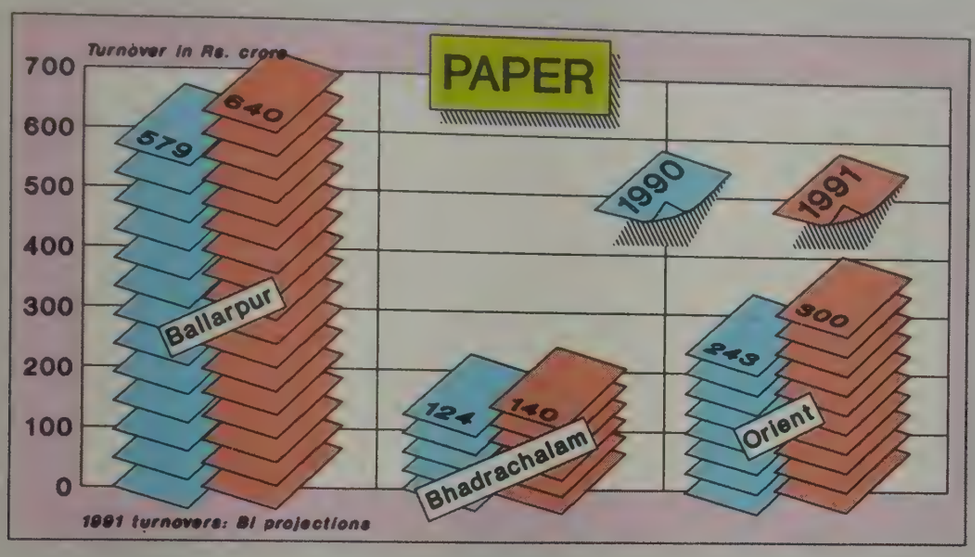


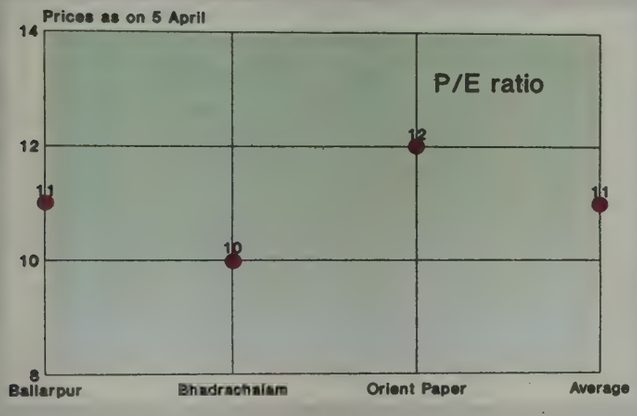


AUTOMOTIVE INDUSTRY

Some companies were severely affected by the disruption in transport. Among the hardest hit sectors is the automotive industry, particularly the segment catering to the rural areas. Umesh Banerjee, general manager, finance, at Escorts, admits that the company's performance would have been much better except for a slump in Rajdoot sales due to fuel shortages in rural areas. Still, Escorts will have a good year, thanks to buoyant sales of the Yamaha RX 100 and its tractors. The company is cautious about 1991 and is planning no new expansion projects for this year.

Similarly, Bajaj Auto was saddled with 100,000 unsold scooters in December as a







result of the civic unrest and violence. The company has cleared its stocks but is expected to sell 825,000 scooters this year, only marginally higher than last year's sales and much below its much publicised, but probably rhetorical, target of a million. (A company source says a target of 950,000 scooters is planned for the next year).

Meanwhile, Mahindra and Mahindra's performance for 1990-91 will also reflect the impact of last year's disturbances. But, its tractor division should do well for the full year while the coming general election should boost its performance in 1991-92.

Heavy and light commercial vehicles, on the other hand, have had a good 1990. These purchases are normally concentrated towards the end of the fiscal year, so the post-August events problems will not weigh as much. Ashok Leyland's spokesman says the company is doing well, and market leader Telco is also very optimistic. Telco had the usual sales spurt this February and the company expects to sell 80,000 vehicles this year, a 25 per cent increase. It is projecting next year's turnover at Rs.3,000 crore and net earnings at Rs.180 crore.

IRON AND STEEL

The steel industry will also do well despite no signs of decontrol. The stockmarket leader and the country's largest private sector company, Tata Steel, is expected to report good results for 1990-91 with net earnings of Rs.225 crore and an EPS of Rs.9.78. The current fiscal year should be even better. Sponge iron manufacturer Essar Gujarat is expected to have a spectacular 1990-91 with turnover at Rs.250 crore, against Rs.74.74 crore in 1989-90. Its sponge iron unit will work for only 10 months in the current fiscal year (ending May 1991) and the company expects 1991-92 to be even better with turnover touching Rs.400 crore. Meanwhile, aluminium manufacturers are expected to have a steady 1990, thanks to the declining rupee protecting their margins at home.

PETROCHEM-BASED INDUSTRIES

The second largest private company, Reliance Industries, has been caught by the excise-petrochem trap, like all the other synthetic fibre manufacturers. Its net earnings for 1990-91 is likely to be Rs.110 crore, moderately more than its half-year net of Rs.90 crore. Indeed, most companies that use petrochemical inputs expect to report poorer results for 1990-91. However, the Arvind Mafatlal duo — Nocil and PIL — will not perform as poorly as their first half results portend, according to company sources.

McDowell's polymer division, which makes polystyrene, though, will report a loss of Rs.3 crore for 1990-91. A company spokesman blames higher oil prices and low duty on imported polystyrene for the loss. Similarly, the tyre sector is expected to perform poorly due to hikes in petrochemical input costs. Ceat's vice-president, finance, A.A. Trivedi, is optimistic that it will be able to pass on costs. But most analysts are bullish only on one tyre company — MRF — which is expected to overtake Dunlop this year and become the country's largest tyre company.

SHIPPING

Like petrochemicals, the shipping industry faced its own trap set by the Gulf war. As K.M. Sheth, deputy chairman and

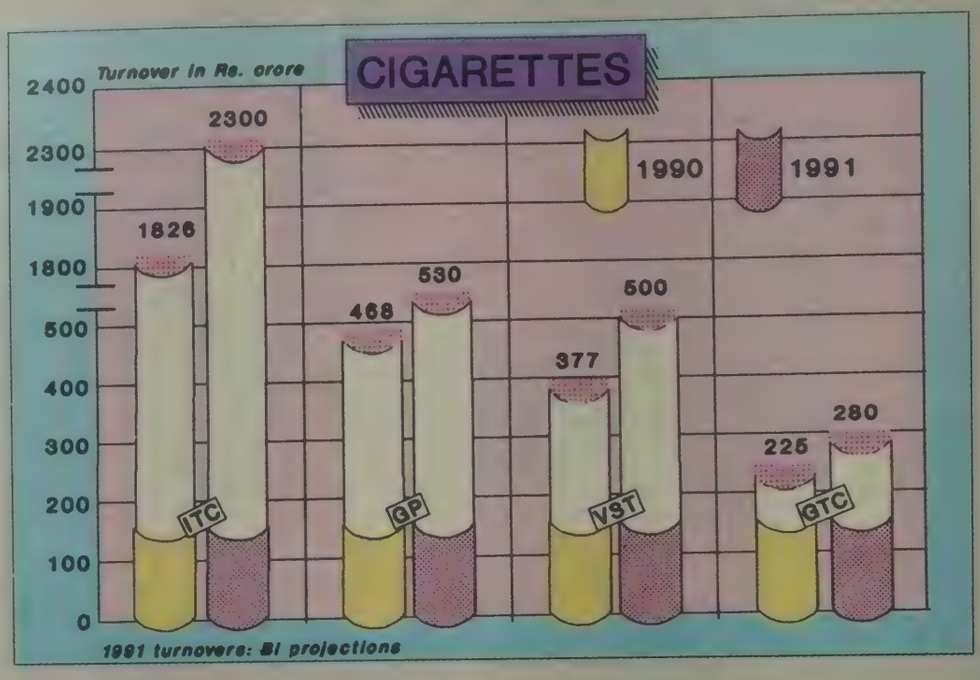
managing director of Great Eastern Shipping notes, "While freight rates fell, fuel oil prices rose." The end of the war, however, has completely changed the situation for long haul shipping. Freight rates have soared and international fuel prices have fallen to pre-August levels. Great Eastern and other shipping companies now expect to do well, even making up the losses sustained in late 1990. Essar Shipping, which had a poor second half to December 1990, now expects its turnover to jump 14 per cent to Rs. 163 crore.

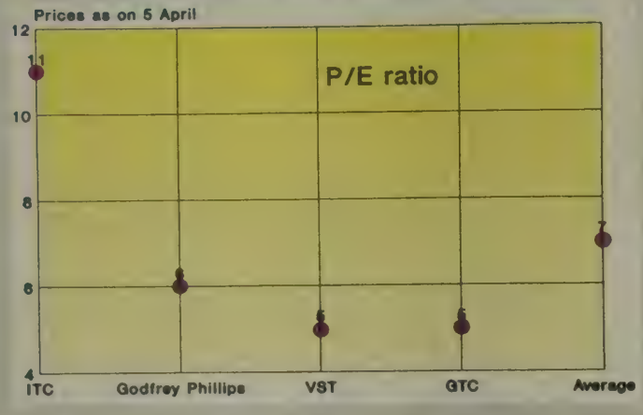
FERTILISERS

Fertiliser companies, hit by a declining rupee that raised the prices of imported phosphoric acid and by changes in depreciation and retention pricing norms, will show particularly poor figures for 1991-92. The exception to this group will be Gujarat State Fertiliser Corporation (GSFC) which went on a price raising spree on its monopoly product, caprolactum, after last August.

PHARMACEUTICALS

Pharmaceutical manufacturers will, surprisingly, not do as badly as expected this year. The products are essential and demand has been steady. But the future for the industry is not bright because price increases allowed under the DPCO have not matched inflation. H. Dhanrajgir, managing director of Glaxo, says that the long term outlook depends on the DPCO. In its present form, he notes, there is no incentive to invest. Bayer's managing director, H. Brenneiser, also notes that his company's high dependence on imports remains a constraint to both the pharmaceutical and agro-chemical divisions of his company. Hindustan Ciba's finance director, Jimmy Bilimoria, said his company is in a similar situation.





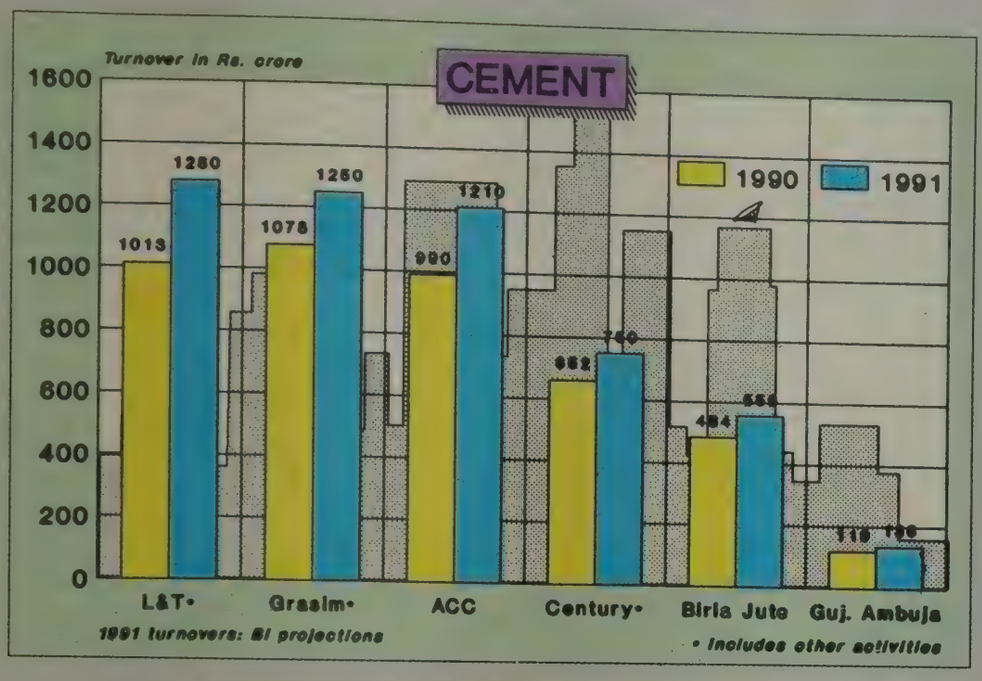


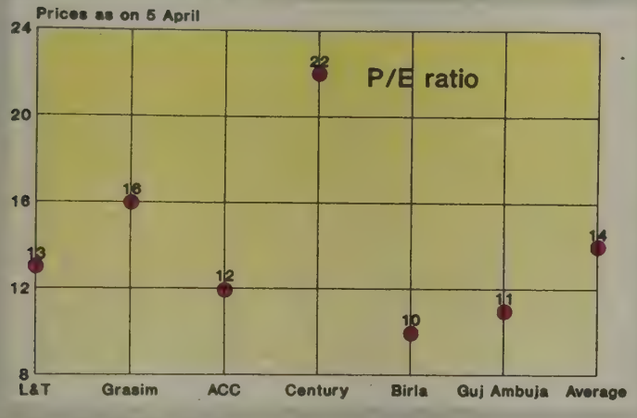
COMPUTERS

The computer industry is also in the doldrums. ICIM's managing director Ashok Jain, is particularly cautious about the next year's PC market given the slackening in November and December. However, he expects the mainframe market to improve after a poor 1990.

BEYOND 1991

Most companies feel that the outlook for 1991-92 is better. Videocon International for example, expects to maintain its pace of the past few years. While expecting to do well for 1990-91, the company expects turnover to jump to Rs.600 crore in 1991-92 S.K. Shelgikar an adviser to the







Videocon International Board explains its relative insularity from uncertain conditions by noting that the company is just beginning to cover markets in UP and Bihar and general declines in demand affect its competitors.

Wage pressure is the company director's biggest worry for 1991. With inflation rising, wages have to follow. A wide swathe of companies, including Bajaj Auto, Bayer, Ashok Leyland, Ceat Tyres, Bombay Dyeing and Standard Industries expect significant wage pressure this year.

POWER

Among those expecting to do well in 1991-92 are Bombay Suburban Electric Supply (BSES). The power distributing company expects its turnover to jump by about 20 per cent to between Rs.500 and 550 crore in 1991-92 with profits growing apace. An analyst, however, reckons this is pre-issue hype; BSES has scheduled a public issue of Rs.100 crore this April to finance its Dahanu power plant, which will go on stream in 1995-96.

Indeed, power producers already in the field are less sanguine. Tata Power and Andhra Valley both expect modest jumps in turnover for 1991-92, following a mere 3 per cent jump for 1990-91. Ahmedabad Electric expects to earn less in 1990-91



than in 1989-90, thanks to higher wages and expects future profit growth to be positive but moderate.

CEMENT

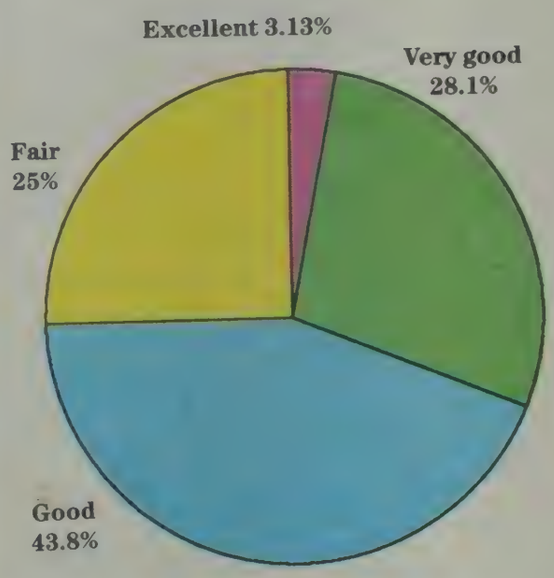
For cement manufacturers, cement is nothing less than gold dust these days. Since the industry's turnaround in 1990, the cement industry has boomed and will collectively gross Rs.10,000 crore in 1991. Anil Singhvi, senior finance manager of Gujarat Ambuja Cements, expects his company to close the financial year 1990-91 (this June) with a turnover of Rs.136 crore, up from Rs.119 crore last year. He expects it to rise further to Rs.150 crore by 1991-92, after which the company's million-tonne Himachal Pradesh plant will come on stream.

Why has cement done so well even when the rest of the economy faltered? One reason is the time lag in projects like road building and housing that are the main users of cement. The current demand for cement represents the plans for housing and roads made a year earlier. As builder Amit Dholakia puts it, "I could

Top managers reply

Business India *polled top managers of many large companies during the course of this study. This is what they had to say.*

How do you think your company is faring?

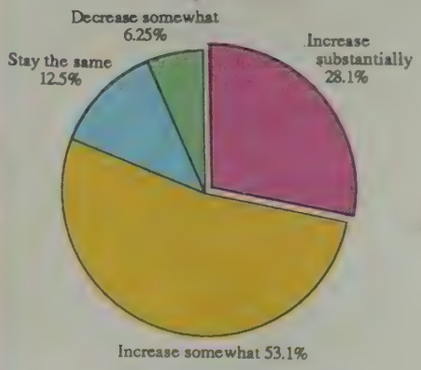


When do you expect business to improve?

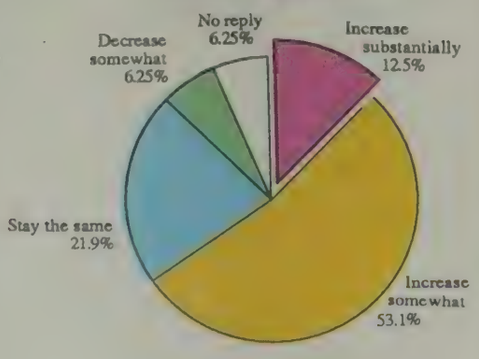


How do you expect the following measures of income and spending to change at your company in 1991?

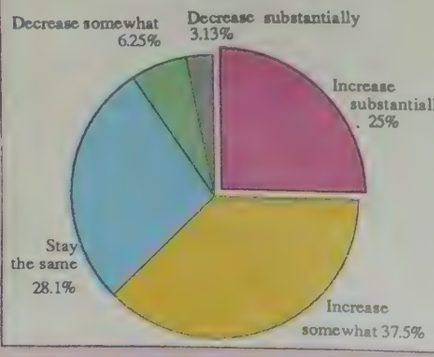
Wages



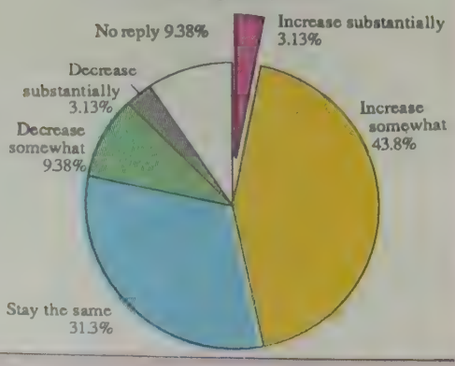
Sales realisation



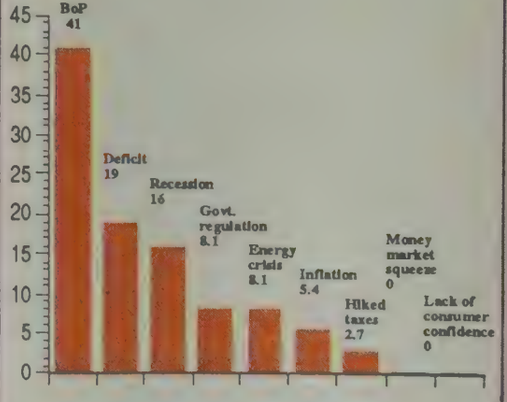
Capital spending



Advertising expenditure



What is the most serious problem facing the economy?



not afford to stop buying cement once my housing project was under way in late 1989". Of course, the prime beneficiaries of the cement boom are those with capacities in place. The best placed is ACC (*see table*).

While cement manufacturers are bullish on cement (as is the stockmarket), it should be noted that huge capacity are to be set up in the next five years. At least 8 million tonnes is expected to be added to the current capacity of 50 million tonnes. The gainers in the long term, says A.L. Kapur, chief executive of the Cement Manufacturers' Association, will be those like ACC with capacities in place because new capacity additions currently cost Rs.2,500 per tonne.

Century will also benefit from the cement boom. B.L. Jain, president of the cement division, expects the turnover of his division to rise by a further 15 per cent in 1991-92. Century has almost every other thing going as well for it. Its shipping division is doing well, while its textiles division is doing exceptionally well.

TEXTILES

Ramaprasad Podar, senior president of Century's textiles division, expects 1990-91 exports to cross Rs.125 crore, a jump of 25 per cent, and expects the current year to be even better. He is particularly hopeful of the outcome of tapping new markets like Dubai and Hong Kong. If true, that would indeed be like trying to sell silk to China; but Podar is not a man given to flights of fancy. However, Mafatlal Fine's executive vice-president, P.R. Amin, strikes a note of caution when he says that the upward movement in cotton prices in 1990 (when prices of raw cotton rose 35 per cent) shows no sign of abating in 1991 and it may not be possible to pass on all costs this year.

Besides cement and cotton textiles, record performances for 1990 and 1991 are also expected from the cigarettes, paper and bearings industries. Each of these industry groups will record earnings' increases of 50 per cent over 1989 (*see tables*) and expect the trend to continue. One result of the cigarette boom this year is that ITC will probably leapfrog over Reliance in the turnover table to take the number three spot this year. Cigarette exports are also booming to cater to the NRI market. GTC's managing director, P.P. Bhandari, expects his company's exports to rise to Rs.25 crore in 1990-91 from Rs.13 crore last year.

In all, 1990 will go down as a year of ups and downs. Companies will be glad if 1991 turns out to be the year of the turtle: slow but steady. How far this hope will be borne out is open to question. Recent import curbs announced by the Reserve Bank have once again raised fears of a foreign exchange crunch that could further slow down an already sluggish economy.

Even if curbs are relaxed fully after a few months, the performance of sectors like computers, consumer electronics, petrochemicals, textile machinery, machine tools, and diamonds in the first half of 1991-92 will be hit. Companies like Nocil, Suraj Diamonds, ICIM, Padmatex Engineering and Supreme Industries will be among those who are likely to be affected. And if the elections lead to a hung Parliament, political uncertainty will return to haunt the corporate sector.





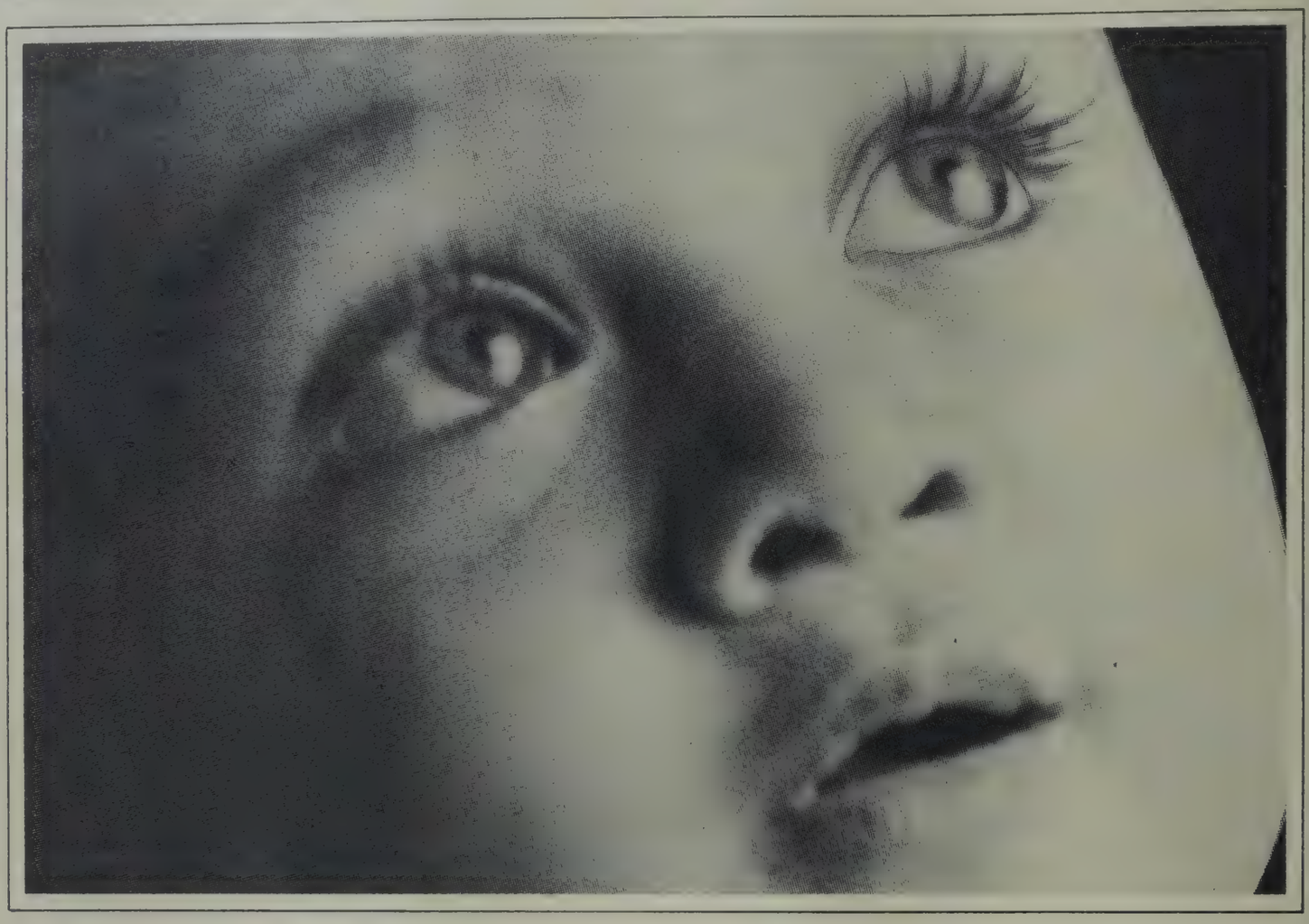
CORPORATE SCORE BOARD

A BUSINESS INDIA FORECAST

COMPANY	INDUSTRY	YEAR END	1989-90 TURNOVER (Rs. cr.)	1989-90 NET PROFIT (Rs. cr.)	1990-91 FORECAST TURNOVER (Rs. cr.)	1990-91 FORECAST NET PROFIT (Rs. cr.)	% CHANGE IN NET PROFIT	EPS 1989-90	EPS 1990-91 FORECAST	SHARE PRICE (5.4.90)	P/E RATIO 1989-90	SHARE PRICE (5.4.91)	P/E RATIO 1990-91
ABB	Electronics	1290	228.4	8.5	255.0	9.5	11.8	8.6	9.6	82.5	9.6	147.5	15.4
ACC	Cement	390	990	17.8	1210.0	110.0	518.0	31.8	196.6	433.0	13.6	2330.0	11.9
AHMEDABAD ELEC	Power	390	269.0	7.8	282.0	6.5	-16.7	36.9	30.5	265.0	7.2	525.0	17.2
ALFA LAVAL	Engineering	390	93.0	8.6	125.0	11.0	27.9	10.9	14.1	120.0	11.0	190.0	13.5
AMRIT BANASPATI	Vanaspati	390	260.0	2.1	315.0	2.4	14.3	5.1	5.8	46.2	9.1	72.5	12.5
ANDHRA VALLEY	Power	390	253.0	25.0	263.0	26.0	4.0	237.2	246.7	365.0	1.5	970.0	3.9
ASHOK LEYLAND	Auto-4 Wh	390	864.0	18.48	1171.0	28.0	21.2	5.9	8.9	78.0	13.3	135.0	15.2
ASIAN PAINTS	Paints	390	305.4	19.0	350.0	17.0	-10.5	15.3	13.7	228.8	15.0	260.0	19.0
ATLAS COPCO	Compressors	390	46.5	-0.4	53.5	1.5	N.A.	-0.5	2.1	34.0	N.A.	81.0	38.6
BSES	Power	390	365.0	12.0	425.0	16.0	33.3	10.2	13.7	40.0	3.9	61.0	4.5
BAJAJ AUTO	Auto-2 Wh	390	1064.0	65.0	1300.0	65.0	0.0	34.6	34.6	440.0	12.7	590.0	17.1
BAJAJ TEMPO	Auto-4 Wh	390	221.2	6.9	290.0	12.0	73.9	10.4	18.2	122.5	11.8	210.0	11.5
BALLARPUR	Paper	390	579.0	42.1	640.0	58.0	37.8	20.1	27.7	157.5	7.8	292.5	10.6
BARODA RAYON	Syn Fibres	390	248.0	24.0	285.0	14.2	-40.8	133.6	52.7	875.0	6.5	550.0	10.4
BATA	Leather	1289	386.0	4.5	450.0	7.0	55.6	4.3	6.7	81.5	19.0	82.0	12.2
BAYER	Pesticides	390	150.0	5.3	170.0	5.3	0.0	32.8	32.7	870.0	26.5	800.0	24.5
BHADRACHALAM PAPER	Paper	390	124.0	8.2	140.0	15.4	87.8	7.8	14.6	95.0	12.2	147.5	10.1
BHARAT FORGE	Engineering	390	196.5	9.9	230.0	15.5	56.6	6.8	10.6	100.0	14.7	220.0	20.8
BIRLA JUTE	Cement	390	484.0	5.0	556.0	40.0	700.0	2.5	19.6	75.0	30.0	192.5	9.8
BOMBAY DYEING	Petrochem	390	391.0	22.0	445.0	38.0	72.7	19.6	16.9	210.0	10.7	225.0	13.3
BRITANNIA	Food	390	321.0	10.0	330.0	10.0	0.0	5.4	5.4	116.2	21.5	140.0	25.9
BROOKE BOND	Tea	1290	637.2	28.3	733.0	32.6	15.2	6.4	7.4	116.0	18.1	138.0	18.6
CESC	Power	390	512.0	13.2	540.0	9.0	-31.8	7.8	5.3	36.0	4.6	40.0	7.5
CADBURY'S	Food	390	109.0	5.3	120.0	5.5	3.8	6.3	6.5	160.0	25.4	163.8	25.2
CEAT	Tyres	690	515.0	23.0	600.0	22.0	-4.3	15.9	9.4	85.0	5.3	84.0	8.9
CENTURY ENKA	Syn Fibres	390d	502.4	47.0	460.0	48.0	2.1	283.0	206.4	3575.0	12.6	2600.0	12.6
CENTURY TEXTILES	Diversified	390	827.9	46.0	750.0	57.0	23.9	172.8	214.1	3340.0	19.3	4685.0	21.9
COCHIN REFINERIES	Petrochem	390	1338.0	64.0	1670.0	70.0	9.4	92.9	101.6	640.0	6.9	910.0	9.0
COLGATE PALMOLIVE	Consumer	1289	277.1	25.1	390.0c	40.0c	59.4	8.0	10.1	222.5	27.8	310.0	30.7
COROMANDEL FERTLISERS	Fertlisers	990	282.0	10.5	240.0	16.0	52.4	4.3	6.6	30.0	7.0	73.0	11.1
CROMPTON GREAVES	Electricals	390	517.0	13.0	600.0	16.0	23.1	67.7	83.3	930.0	13.7	875.0	10.5
DUNLOP	Tyres	390	581.0	8.0	605.0	8.0	0.0	4.2	4.2	57.0	13.6	55.0	13.1
EID PARRY	Fertilsers	390a	189.0	5.0	260.0	5.0	0.0	8.0	8.0	95.0	11.9	80.0	10.0
EAST INDIA HOTELS	Hotels	390	102.0	10.0	70.0	-8.0	-180.0	4.2	-3.4	63.5	15.1	47.0	N.A.
ESCORTS	Auto-4 WH	390	770.0	22.0	974.0	36.0	63.6	6.5	10.6	88.0	13.5	146.0	13.8
ESSAR GUJARAT	Steel	590	74.7	12.5	250.0	50.0	300.0	5.7	6.9	63.8	11.2	56.2	8.1
ESSAR SHIPPING	Shipping	690	142.4	32.4	163.0	25.0	-22.8	7.0	5.4	36.2	5.2	32.5	6.0
FERRO ALLOYS	Steel	390	224.0	14.5	180.0	0.0*	-100.0	16.6	0.0*	123.8	7.5	50.0	N.A.
FLAKT	Engineering	1290	54.0	2.0	62.0	2.5	25.0	4.3	5.2	70.0	16.3	73.8	14.2
GKW	Engineering	390	235.9	13.2	280.0	5.0	-62.1	5.5	2.1	24.0	4.4	38.0	18.1
GSFC	Fertilisers	390	693.0	51.0	820.0	90.0	76.5	11.6	20.4	170.0	14.7	195.0	9.6

GTC	Cigarettes	390	225.0	5.4	280.0	7.5	38.9	10.8	15.0	30.5	2.8	80.0	5.3
GLAXO	Pharma	390	308.0	10.0	350.0	11.0	10.0	5.0	5.5	101.0	20.2	100.5	18.3
GODFREY PHILLIPS	Cigarettes	390	468.0	4.0	530.0	11.0	175.0	15.4	42.3	63.8	4.1	257.5	6.1
GOODYEAR	Tyres	1290	239.0	6.7	265.0	6.7	0.0	8.9	4.5	108.8	12.2	55.0	12.2
GRASIM	Diversified	390	1078.0	55.0	1250.0	90.0	63.6	11.3	14.9	126.5	11.2	234.0	15.7
GREAT EASTERN SHIPPING	Shipping	390	229.0	40.0	240.0	40.0	0.0	5.9	5.9	52.0	8.8	40.0	6.8
GREAVES COTTON	Engines	390	217.0	6.6	238.0	6.0	-9.1	6.7	6.1	65.0	9.7	69.0	11.3
GUJ NARMADA	Fertilisers	390	334.0	1.4	340.0	0.0*	-100.0	0.1	0.0*	40.0	N.A.	38.5	N.A.
GUJARAT AMBUJA	Cement	690	119.0	14.5	136.0	25.0	72.4	7.2	12.5	26.5	3.7	138.8	11.1
HCL	Computers	690	227.0	6.1	286.0	7.0	14.8	4.1	4.7	31.0	7.6	43.0	9.1
HMM	Food	1290a	146.0	16.9	170.0	23.5	39.1	11.9	16.6	312.5	26.3	356.2	21.5
HIND MOTORS	Auto-4 WH	390	617.6	2.0	600.0	0.0*	-100.0	0.8	0.0*	26.0	32.5	22.2	N.A.
HINDALCO	Aluminium	390	476.0	64.0	620.0	74.0	15.6	35.9	25.9	280.0	7.8	252.5	9.8
HINDUSTAN CIBA	Pesticides	390	251.0	15.0	286.0	18.0	20.0	84.7	67.8	1360.0	16.1	1080.0	15.9
HINDUSTAN DEVT	Diversified	390	268.0	12.6	265.0	14.5	15.1	12.2	4.4	81.5	6.7	100.0	22.7
HINDUSTAN LEVER	Consumer	1290	1207.9	66.0	1440.0	72.0	9.1	7.1	7.7	117.5	16.5	163.0	21.2
HOECHST	Pharma	390	286.0	9.0	310.0	9.0	0.0	94.0	94.0	1970.0	21.0	3650.0	38.8
ICI	Diversified	390	645.0	-12.2	700.0	-17.0	39.3	-3.0	-4.2	41.0	N.A.	41.0	N.A.
ICIM	Computers	390	62.0	1.2	75.0	2.2	83.3	2.1	2.6	28.0	13.3	25.0	9.6
IDI	Dyestuffs	390	206.0	4.2	250.0	7.9	88.1	37.0	69.9	355.0	9.6	600.0	8.6
ITC	Cigarettes	390	1826.0	52.6	2300.0	86.0	63.5	7.9	13.0	64.0	8.1	145.0	11.2
INDIAN ALUMINIUM	Aluminium	390	548.0	58.5	630.0	64.0	9.4	14.1	15.4	170.0	12.1	180.0	11.7
INDIAN HOTELS	Hotels	390	141.0	11.5	135.0	6.5	-43.5	7.8	4.4	92.0	11.8	100.0	22.7
INDIAN ORGANIC	Syn fibres	390	246.0	8.5	270.0	7.0	-17.6	4.6	3.8	52.5	11.4	42.0	11.1
INDIAN RAYON	Diversified	690	413.0	19.7	515.0	21.0	6.6	7.7	8.2	106.5	13.8	113.0	13.8
INDO GULF FERTILISERS	Fertilisers	390	439.0	-1.8	500.0	7.0	N.A.	-0.1	0.4	15.5	N.A.	30.0	75.0
J K INDUSTRIES	Tyres	690	332.0	16.6	350.0	18.0	8.4	11.8	12.8	50.0	4.2	72.0	5.6
JCT	Syn fibres	190	278.0	26.8	300.0	45.0	67.9	12.1	20.4	77.5	6.4	112.5	5.5
JK SYNTHETICS	Syn fibres	390	834.0	7.0	975.0	5.0	-28.6	1.6	1.1	63.5	39.7	38.0	34.5
JAIPRAKASH	Diversified	390	327.0	16.7	450.0	23.0	37.7	2.5	3.5	15.2	6.1	28.2	8.1
JINDAL STRIPS	Steel	390	280.0	9.5	355.0	17.0	78.9	9.0	16.1	112.0	12.4	230.0	14.3
KELVINATOR	Consumer	390	298.0	8.8	350.0	6.7	-23.9	10.5	8.0	94.0	9.0	136.2	17.0
KESORAM	Diversified	390	226.0	3.1	340.0	13.5	335.5	2.2	9.6	40.0	18.2	93.0	9.7
KIRLOSKAR CUMMINS	Engines	390	233.0	11.7	266.0	20.0	70.9	4.4	7.6	80.0	18.2	148.0	19.5
KLOCKNER WINDSOR	Engineering	390	74.0	5.9	90.0	8.5	44.1	13.1	9.4	166.2	12.7	165.0	17.6
LML	Auto-2 WH	390	210.0	-1.2	235.0	0.0*	N.A.	-0.7	0.0*	17.5	N.A.	25.5	N.A.
LAKSHMI MACHINE	Textile mach	390	227.0	7.9	310.0	13.0	64.6	129.5	213.1	340.0	2.6	3900.0	18.3
LARSEN & TUBRO	Diversified	390	1023.8	43.0	1280.0	65.0	51.2	6.6	8.6	120.0	18.2	116.2	13.5
LIPTON	Tea	1290	573.0	5.8	680.0	7.0	20.7	3.7	4.4	95.5	25.8	85.5	19.4
MICO	Auto ancill.	1290	265.0	15.0	318.0	19.0	26.7	39.4	50.0	890.0	22.6	840.0	16.8
MRF	Tyres	990b	343.0	19.1	704.0	20.0	4.7	49.4	51.8	215.0	4.4	360.0	6.9
MADURA COATS	Cotton text.	390	342.0	18.5	400.0	36.0	94.6	8.5	16.5	115.0	13.5	245.0	14.8
MAFATLAL FINE	Cotton text.	390	225.0	-4.8	230.0	7.0	N.A.	-33.1	48.3	270.0	N.A.	370.0	7.7
MAHINDRA	Auto-4 WH	390	910.0	16.0	1010.0	15.0	-6.2	8.3	7.8	87.5	10.5	70.0	9.0
MCDOWELL	Liquor	390	240.0	8.1	310.0	4.6	-43.2	10.6	4.6	88.0	8.3	65.0	14.1
MODI RUBBER	Tyres	390	482.0	6.0	550.0	6.5	8.3	5.8	6.3	48.0	8.3	65.0	10.3
MODIPON	Syn fibres	690	235.8	22.0	240.0	14.0	-36.4	28.1	17.9	75.0	2.7	87.5	4.9
MUKAND	Steel	390	521.0	19.0	550.0	15.0	-21.1	12.9	10.2	141.0	10.9	187.5	18.4
NATIONAL ORGANIC	Petrochem	390	466.0	42.2	500.0	30.0	-28.9	117.2	83.3	1380.0	11.8	1305.0	15.7
NESTLE	Food	1290	307.7	16.8	375.0	19.3	14.9	4.6	5.3	123.8	26.9	137.5	25.9

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CORPORATE SCORE BOARD

A BUSINESS INDIA FORECAST

			1989-90		1990-91 FORECAST			EPS					
COMPANY	INDUSTRY	YEAR END	TURNOVER (Rs. cr.)	NET PROFIT (Rs. cr.)	TURNOVER (Rs. cr.)	NET PROFIT (Rs. cr.)	% CHANGE IN NET PROFIT	1989-90	1990-91 FORECAST	SHARE PRICE (5.4.90)	P/E RATIO 1989-90	SHARE PRICE (5.4.91)	P/E RATIO 1990-91
ORIENT PAPER	Paper	390	243.0	9.1	300.0	12.0	31.9	8.0	10.5	67.5	8.4	130.0	12.4
OSWAL AGRO	Vanaspati	690	301.5	41.8	375.0	49.0	17.2	4.3	5.1	45.0	10.5	39.5	7.7
PEICO	Electronics	390	421.0	5.1	550.0	22.0	331.4	1.5	6.6	28.5	19.0	77.0	11.7
POLYOLEFINS	Petrochem	390	222.0	18.1	230.0	19.0	5.0	93.8	98.5	1150.0	12.3	1125.0	11.4
PREMIER AUTO	Auto-4 WH	690	561.0	17.2	612.0	12.5	-27.3	7.6	5.5	64.2	8.4	43.0	7.8
PROCTOR & GAMBLE	Consumer	690	75.6	4.5	90.0	5.2	15.6	6.7	7.7	215.0	32.1	245.0	31.8
RALLIS	Diversified	390	360.0	1.8	400.0	4.5	150.0	1.9	4.7	80.0	42.1	141.2	30.0
RAYMOND WOOLLEN	Diversified	390	351.0	18.5	430.0	45.0	143.2	8.4	20.4	82.0	9.8	163.0	8.0
RELIANCE	Syn fibres	390	1856.0	90.5	2200.0	110.0	21.5	6.0	7.2	62.0	10.3	127.5	17.7
SKF BEARINGS	Bearings	390	150.0	20.7	195.0	30.0	44.9	83.8	121.4	1430.0	17.1	2500.0	20.6
SPIC	Fertilisers	390	810.0	23.0	850.0	15.0	-34.8	6.8	4.4	58.0	8.5	48.5	11.0
SHAW WALLACE	Liquor	390	368.0	13.9	386.0	14.5	4.3	11.6	12.1	80.0	6.9	110.0	9.1
SIEMENS	Electronics	390	444.0	12.0	460.0	16.0	33.3	5.8	7.7	123.0	21.2	125.0	16.2
SPECIAL STEELS	Steel	390	212.0	14.9	225.0	13.5	-9.4	13.1	11.8	115.0	8.8	192.5	16.3
STANDARD	Cotton text.	390	241.0	1.8	250.0	3.0	66.7	1.6	2.7	81.0	50.6	74.0	27.4
SU-RAJ DIAMONDS	Diamonds	390	136.0	10.8	145.0	10.0	-7.4	10.3	9.5	63.5	6.2	40.0	4.2
TELCO	Auto-4 WH	390	1969.0	102.5	2650.0	150.0	46.3	9.9	14.5	141.0	14.2	201.2	13.9
TISCO	Steel	390	2138.0	149.0	2600.0	225.0	51.0	6.5	9.8	127.5	19.6	166.0	16.9
TOMCO	Consumer	390	340.0	5.4	380.0	5.0	-7.4	13.9	12.8	140.0	10.1	70.0	5.5
TATA CHEMICALS	Soda ash	390	308.0	41.0	332.0	45.0	9.8	8.4	6.1	123.5	14.7	69.0	11.3
TATA POWER	Power	390	421.0	41.0	435.0	44.0	7.3	199.8	214.4	467.5	2.3	1140.0	5.3
TATA TEA	Tea	390	270.0	42.0	324.0	51.0	21.4	24.6	29.8	196.0	8.0	345.0	11.6
TATA UNISYS	Computers	390	40.4	5.2	50.0	6.0	15.4	11.8	13.7	82.5	7.0	155.0	11.3
UNION CARBIDE	Dry cells	390	234.2	6.2	250.0	7.5	21.0	1.9	2.3	25.0	13.2	40.0	17.4
VST	Cigarettes	390	377.0	5.9	500.0	22.2	276.3	6.1	23.0	55.0	9.0	115.0	5.0
VIDEOCON INTL	Electronics	390	417.8	27.2	500.0	31.0	14.0	64.4	52.2	215.0	3.3	222.5	4.3
VIKRANT TYRES	Tyres	390	219.0	2.0	252.0	5.0	150.0	1.9	4.8	19.0	10.0	34.0	7.1
VOLTAS	Diversified	390	504.0	18.1	575.0	20.0	10.5	9.1	10.1	77.0	8.5	120.0	11.9
ZUARI AGRO	Fertiliser	390	263.0	8.2	290.0	8.0	-2.4	6.6	6.4	61.0	9.2	67.5	10.5

Key

a. Financial year 1989-90 is for a period of 9 months.
b. Financial year 1989-90 is for a period of 6 months.
c. Projections for turnover and net profit are for a 15 month period.
d. Financial year 1989-90 is for a period of 15 months.
*. Projected Net Profits (and thus EPS) are nil.
N.A. Not Applicable.

Notes

1. Turnover includes sales and other income.
2. Net Profit is profit after interest, depreciation and tax.
3. Earnings Per Share equal Net Profit divided by number of equity shares.
4. Price-Earnings Ratio equals market price divided by Earnings Per Share.
5. Earnings Per Share for 1990-91 are based on current equity, while Earnings Per Share for 1989-90 are based on Equity as on March 1990.
6. Price-Earnings Ratio for 1989-90 is based on share price as on 5/4/90 and earnings for that year.
7. Price-Earnings Ratio for 1990-91 is based on share price as on 5/4/91 and projected earnings for year ended March 1991.
8. Turnover and Net Profit figures for 1989-90 are taken from company balance sheets. Those for 1990-91 have been projected by Business India.
9. All net profit figures and earnings per share figures have been annualised.



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What the numbers say

Of the 120 companies in the poll sample, 27 are projected to post declines in net profits in 1990-91. Eight companies are expected to maintain net profits at the same level as in the past year, though their turnovers are projected to increase. (The erosion in their net margins has been factored in.) Four are projected to come out of the red. And the remaining 81 are projected to post increases in net profits. Only one company, East India Hotels, is projected to post a net loss (Rs. 8 crore). But three — Ferro Alloys, Gujarat Narmada and Hindustan Motors — will post zero profits for the year.

The engineering company, GKW, is projected to post a steep decline (-62 per cent) in net profit. So are companies like Indian Hotels, McDowell, Baroda Rayon, Modipon and SPIC. These 10 companies will in fact be the biggest losers of 1990-91.

Scooter giant Bajaj Auto, tyre manufacturers Dunlop and Goodyear, pesticides manufacturer Bayer, Hoechst, Great Eastern Shipping, the fertiliser company EID Parry, and Britannia will have increased turnovers, but declining net margins will prevent their bottomlines from rising.

LML, the troubled scooter manufacturer, will just about break even. Atlas Copco, Indo Gulf Fertilisers and Mafatlal Fine are, however, likely to turn around and post modest net profits.

Ranked by the absolute magnitude of net profits earned, the top 10 companies are as follows:

1 Tisco	Rs.225 crore
2 Telco	Rs.150 crore
3 Reliance	Rs.110 crore
3 ACC	Rs.110 crore
5 Grasim	Rs. 90 crore
5 GSFC	Rs. 90 crore
7 ITC	Rs. 86 crore
8 Hindalco	Rs. 74 crore
9 Hind Lever	Rs. 72 crore
10 Cochin Ref.	Rs. 70 crore

If the top 10 companies are ranked by the percentage growth in their projected net profits, Birla Jute tops with a 700 per cent increase. ACC follows with a 518 per cent rise. Kesoram, Peico and Essar Gujarat occupy the next three places with over 300 per cent increases. Cigarette makers, VST and Godfrey Philips, take the sixth and seventh places, and are followed by Vikrant Tyres, Rallis and Raymond Woollens.

EPS ratios. The Earnings Per Share (EPS) ratios that appear in the table measure the net earnings a company is able to generate per share. The table shows that 36 companies are projected to show drops in EPS for 1990-91. Clearly, all of the 27 companies which will post declines in net profits will show drops in EPS.

For seven companies, net profit is projected to rise. However, as the number of their equity shares increased in 1990-91, due to bonuses or other capital issues EPS is projected to drop for these companies.

Due to this, EPS will show a drop for Bombay Dyeing, Klockner Windsor, Century Enka, Hindalco, and Videocon International.

P/E ratios. The price to earnings (P/E) ratios that appear in the table relate the market price of a company's share to the net earnings per share (EPS) that it is able to generate.

The table shows that Indo Gulf has the highest P/E ratio of all the companies listed — a good indication that the market looks beyond current earnings in valuing a share. Hoechst and Atlas Copco have the second and third highest ratios. These are followed by JK Synthetics, Procter and Gamble, Colgate Palmolive, Rallis, Britannia, Nestle and Cadbury's. These 10 companies have the highest P/E ratios of all the 120 in the present sample. Not surprisingly, multinationals with their high dividend payouts and steady earnings growth dominate the list.

The table also shows that the power company, Andhra Valley, has the lowest P/E ratio of all the companies listed. Su-raj Diamonds and Videocon International have the second and the third lowest ratios. These are followed by BSES, Modipon, VST, Tata Power, GTC, JCT and Tomco. These 10 companies have the lowest P/E ratios of all the 120 companies listed,

The P/E ratio also reflects the growth prospects of a company; the market risk of its share; the unique risk of its share; the behavioural orientation of the company's shareholders; the company's image; and the degree of liquidity in the stockmarket.

For Bajaj Auto, for example, the EPS for 1990-91 is the same as that for 1989-90. However, a Rs.150 increase in the market price in 1991 has pushed the P/E ratio up from 12.7 (in 1989-90) to 17.1. The EPS for Indian Hotels has actually fallen by Rs.3.4 in 1990-91. But an increase in the market price of the share has pushed the P/E ratio up from 11.8 to 22.7.

This means that though the P/E ratios appear too high when seen in relation to earnings for 1990-91, the market has already discounted the performance of these companies for 1991-92.

Clearly, the market had done the same for Birla Jute, ACC and Kesoram in 1989-90. The P/E ratios for these companies were 30, 13.6 and 18.2 respectively, in that year. In 1990-91, these companies will record stupendous growth in net profits, so EPS will rise smartly. And though market prices for the shares of these companies have risen too, the P/E ratios have climbed down to 9.8, 11.9 and 9.7 respectively.

Telco's high. For Telco, EPS will increase by Rs.4.6 in 1990-91. At its current price, its P/E ratio of 13.9 is lower than that of 14.2 in 1989-90. But kerb prices for Telco shares are already high enough to give it a P/E ratio of around 15.

The P/E ratios for Essar Shipping and Great Eastern Shipping make their shares attractive buys. Those for cement companies (around 10) also make cement scrips worth a flutter. Power companies continue to have amongst the lowest P/E ratios in the market, but plenty of uncertainty remains about their performance in the immediate future.

Finally, Reliance looks overpriced at a P/E of 17.7. And ironically, L&T looks much better at a P/E of 13.5; down from the 18.2 peak of last year. L&T's share price has marginally declined this year, but its EPS has increased by Rs.2. Reliance's share price, on the other hand, has more than doubled while its EPS has gone up by only Rs.1.20. Both share holders are probably quite satisfied which is why analysts claim the P/E ratio of a company mirrors the souls of its shareholders.

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VYSYA BANK

Committed to excellence

This private-sector bank has performed well against odds. Under the chairman's able stewardship, it is growing and diversifying fast. It is already into leasing, investment service and housing finance. And portfolio management, venture capital and mutual funds are being looked at

Ramesh Gelli, chairman of Vysya Bank, has a dream. He wants to turn his Bangalore-based sweat-shop into a 'super market'. "With a commitment to excellence, the bank is endeavouring to be the best in the country," he says. "We hope to become a financial supermarket with an array of financial products and services." A management graduate with specialisation in finance from the Asian Institute of Management, Manila, Gelli was only 37 when he took over at the helm of the privately-owned Vysya. Since then, he has transformed it virtually single-handedly into a financial powerhouse, the biggest and the most successful private-sector bank in the country.

In his efforts to realise his ambition, Gelli has taken Vysya into areas ranging from leasing to credit cards to investment advisory service and housing finance. And now he plans to get into portfolio management, venture capital, mutual funds, factoring, corporate counselling and mergers and acquisitions. "Given the highly competitive financial market of the eighties, the bank evolved growth and diversification as the two major strategies to challenge the competition and excel itself," he says.



Gelli: worked wonders

Said R.N. Malhotra, then governor of the Reserve Bank of India (RBI), while speaking at Vysya Bank's sixtieth anniversary celebration a short while ago, "The progress made by Vysya Bank, particularly in the last decade, has been most remarkable. I would urge the boards of directors of other private banks to take a leaf out of what the board of directors of this bank has been doing. The senior management in this bank has, for some years, been characterised by great imagination, good sense and technical skill."

Private-sector banks are a rather odd entity on the banking firmament. Since bank nationalisation in 1969, they have, at best, operated on the periphery of the country's financial system. Even the government control over them is of a rather ambiguous nature. They have been discriminated against by the government, though in some cases justifiably. RBI by law has its nominees on the board of these banks and has a say both in their expansions as well as dividend pay-out to shareholders. Yet, RBI has not been able to anticipate the problems that have in recent times overwhelmed many of the smaller private banks like the Bank of Thanjavur, United Industrial Bank, Parur Central Bank and Purbachal Bank.

Discrimination

And, as a general rule, the Union government, public-sector organisations and state governments do not bank with them, ostensibly because they are not financially sound. The more well-run of the banks like Vysya feel that this is outright discrimination in favour of public-sector banks and is the primary reason why they can't grow faster, despite better efficiency. The discrimination extends to even areas like the government's loan waiver scheme for farmers, where loans from private-sector banks are excluded.

It is against this background of restrictions that Gelli has worked wonders with Vysya Bank, building up the confidence of private-sector business and industry which constitute most of his clientele. Says T.T. Jagannathan, managing director of the Madras and Bangalore-based TTK group, "In one of our units, without Vysya Bank's help we could not have achieved the kind of growth we have achieved in the last 10 years." Adds Onkar S. Kanwar, vice-chairman and managing director of

Pics by Deepak Pawar



Vysya headquarters at Bangalore: growth and diversification

Apollo Tyres, "It offers services comparable with the best in India and abroad. It is one of the most innovative banks."

In the seven years that Gelli has been running the bank, its paid-up capital and reserves have jumped up from Rs.1.79 crore to Rs.16.21 crore, deposits have more than tripled to Rs.850 crore, and profits risen several folds from Rs.23 lakh to Rs.5.03 crore. An enviable position indeed, considering that Bank of Rajasthan, the second-best-run private sector bank in India, has an equity and reserve position of Rs.10 crore, total deposits of Rs.720 crore and a profit of just Rs.1.61 crore last year despite being nearly as big as Vysya.

So it was not very surprising when, in early March, a little-known Delhi businessman Basudev Garg bought a 3-per-cent stake in Vysya Bank by buying its shares on the Bangalore Stock Exchange, to become the single largest shareholder outside the community of the regional promoters. The bank's Rs.1.8-crore, 1.8-million-share equity is tightly held by 11,500 shareholders and, till Garg came along, Syndicate Bank with 4,500 shares was the largest outside shareholder. Ramesh Gelli and his relatives control about 22,500 shares.

Rarely traded

The family interest is so dominant in this bank that they almost never offload their holdings on the market. As a result, the scrip, though listed on the stock exchange, is rarely traded and hence does not appreciate in value. Garg denies he wants to upset the share-pattern of the bank. "I am not going in for further shares for the time being, though I will not hesitate to buy more when an opportune moment comes. But it does not mean I am trying to acquire controlling interest in the bank," he says. Besides, the Banking Regulation Act, 1949, restricts the shareholder's voting power to only 1 per cent, irrespective of the shares held by him.

Garg, however, can ask for a berth on Vysya's board and this by itself could mean substantial power. With the deposit base about to touch Rs.1,000 crore this year, the bank has a minimum lending capacity of Rs.500 crore. And even if Garg is not interested, he can always look upon his investment in Vysya as a very lucrative one. For the last four years the bank has consistently been paying dividend in excess of 17 per cent, last year's being a high 21 per cent.

Strong base

Gelli's success with Vysya Bank, to be fair, has its roots in the good work done by some of his predecessor chief executives. Since the sixties when it nearly went sick, Vysya has come a long way. It started growing significantly during the chairmanship of M.R. Arya (June 1969 to June 1974). There was a spurt in its activity during July 1974 to October 1978, when M.V.N. Shetty was the chairman. The rein of T.K.K. Bhagavat, the present chairman of Bank of Maharashtra, between February 1979 and November 1983, saw significant consolidation.



Viswanath Shetty: "Gelli's reputation difficult to emulate"

Even when Bhagavat took over in 1979, the bank had a very high level of non-performing assets. And he followed a conservative but prudent policy of providing for bad debts and loan losses from the profits made, rather than declaring high profits. By the time he left in 1983, Vysya Bank had not only provided for all bad debts but had made some provisions for the future too. According to a knowledgeable source, the bank ploughed back almost 90 per cent of its profits to building its inner strength.

Thus, when Ramesh Gelli took over, he had a strong base to capitalise on. He ushered in a new sense of professionalism and aggressiveness in the bank's outlook. Says M.K. Panduranga Shetty, former director of the bank, "Gelli has the ability to foresee the scenario and plan accordingly. He has good leadership qualities."

According to Sadananda Shetty, former chairman, Vijaya Bank, "He is a dynamic banker. His is the only bank in the private sector which can offer the entire package, and that's how profit has been generated. He has run the bank in a very professional manner." And according to B. Ratnakar, former chairman, Canara Bank: "Gelli is a man of vision and not afraid of experimentation. He has also concentrated on building up a sense of pride among the employees."

According to industry observers in Bangalore, what really makes Vysya Bank tick is its ability to compete with some of the smaller public-sector banks through a highly motivated staff, coupled with its compact size. While the last among the public-sector banks, Corporation Bank, with 437 branches, mopped up deposits of Rs.1,531 crore and recorded advances of Rs.899 crore during 1989-90, Vysya Bank with 289 branches mobilised Rs.850 crore of deposits during the same year, and had advances of Rs.458.58 crore.

Vysya Bank's efficiency is even more visible in deployment of its funds. Its profit as percentage of working funds, during 1989-90 was, for instance, 0.50 as against Corporation Bank's 0.26. Vysya Bank's deposits per employee, during the same year, was Rs.17.08 lakh against Corporation's Rs.17.05 lakh. All these are creditable, especially in the light of the fact that the staff strength of Corporation Bank is at least 80 per cent more than Vysya Bank's 4,983 employees.

"Let it be the best"

Vysya is one of the few banks which uses training as a motivation tool. Says Gelli, "We introduced a unique training programme which focused not so much on banking but on the individual, his self, his group, and his family. We also drummed in the slogan, that though the bank cannot be the biggest, let it be the best." Adds G.K. Valecha, former professor, IIM, Bangalore, who conducted some of these programmes, "Certain systems and policies

developed by Gelli encourage human resources development of the executives and management, upgrading knowledge and skills. He tries to visualise the future. He tries to develop systems which can be institutionalised and can be part and parcel of the bank so that it becomes the strength of the bank." P.V. Satyanarayana, senior general manager, Vysya Bank, concurs. "Our chairman introduced motivational strategy for involvement of staff at different levels to contribute their best to the bank," he says.



Rajagopal: hopes on higher profits

More than just profits, Gelli's premier contribution to Vysya has been to give it many firsts. Says he, "To be first has become an obsession with us." In 1985, Vysya became one of the first banks to introduce computers for customer service. Says Ashok Soota, president of the computer firm, Wipro, "The personnel at Vysya have been trained and a computer culture has been built up." Computerisation was followed by the introduction of MICR cheques and courier services for speedy clearance of cheques in 1986.

In 1987, Vysya went in for leasing and merchant banking subsidiaries. The following year, it launched a credit card in collaboration with Centralcard and Mastercard. The Vysya Bank Investors' Club was launched in 1989 and in 1990, it opened a housing finance subsidiary. In fact, last year when it signed an agreement with the employees to go in for further computerisation, it was the only other bank to do so besides the State Bank.

The 'three-tier' system

At the administrative level, the bank scrapped the 'four-tier' system (head office, zonal office, divisional office and branch) two years ago. Says Satyanarayana, "This has helped us in speedy movement of papers." Now, it has a 'three-tier' system (head office, divisional office and branch).

There has been a visible change in its customer profile too. While initially, the bank used to cater to the small traders and merchants, it shifted its focus by 1986 to the SSI sector. Today, 40 per cent of Vysya Bank customers are from the large and medium-scale industry, while 30 per cent are traders and 12 per cent, agriculturists. The rest are professionals and the services sector.

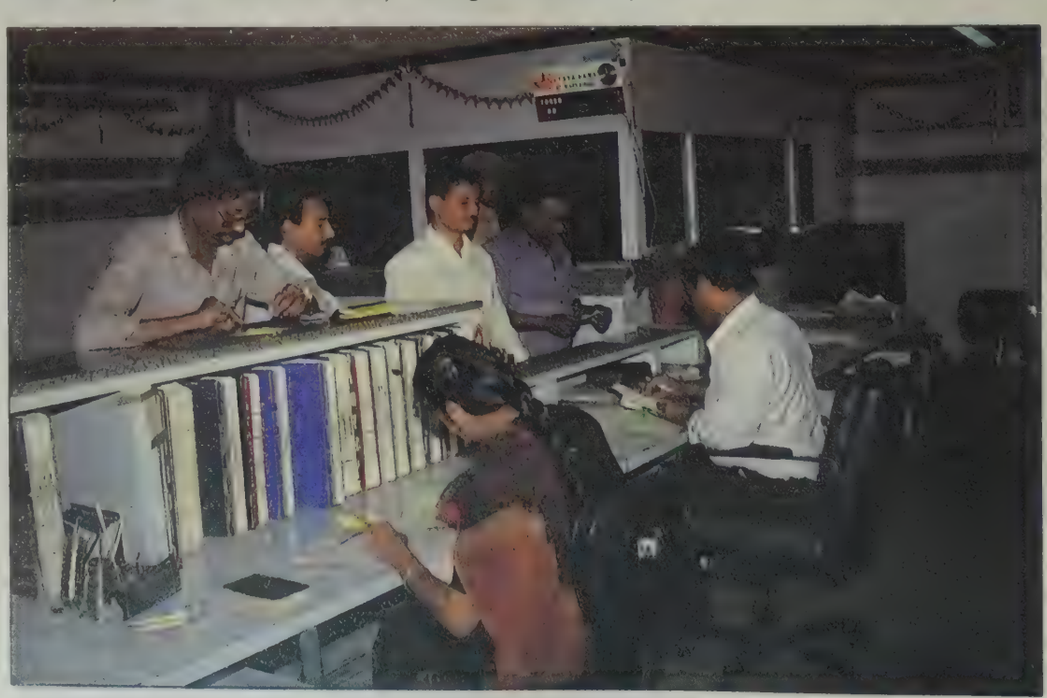
Its subsidiary, Vysya Bank Leasing, made profits in the first three months of its operations in 1987: the profit after tax (PAT) was Rs.2.05 lakh. And it also declared a dividend of 12 per cent. In the second year (15-month period) during 1988-89, its PAT jumped by more than 300 per cent while dividend rose to 15 per cent. During 1990-91 (12-month period), the leasing subsidiary's profit before tax (PBT) stood at Rs.60 lakh. And it will be declaring a 20 per cent dividend. According to G. Rajagopal, president, Vysya Bank Leasing Ltd, "RBI has permitted us to raise our capital from Rs.1 crore to Rs.1.5 crore. So, as our funds increase, we hope to make a gross profit (PBT) of Rs.75 lakh during 1991-92." The subsidiary has also been involved in loan syndication, merchant banking and underwriting.

Vysya Bank was the first private-sector bank to set up a housing subsidiary in November 1990 with a paid-up capital of Rs.3 crore. The bank has made good progress on the home loan account (HLA) scheme, launched in July 1989. Recollects Gelli, "In the very first month, we enrolled 80 per cent of the country's total HLA members." Today, of the 225,000 HLA members in the country, Vysya Bank has 110,000 members. Now that the housing finance companies have been allowed to go in for HLA, Gelli feels, "it will pose a healthy competition to our bank."

Gelli has also introduced seven committees which regularly meet to discuss, in detail, the problems of the divisions and branches, and the overall position of the credit portfolio. These committees are: policy committee; audit committee; performance review committee; advance review committee; deposit review committee; default and suit-filed accounts review committee; and staff review committee. Says Satyanarayana, "Almost all the executives visit the divisional offices and the branches in connection with development work and for follow-up of default and recovery activities. In deposit-mobilisation, 75 per cent of the bank employees participate and they are aptly recognised for their contribution."

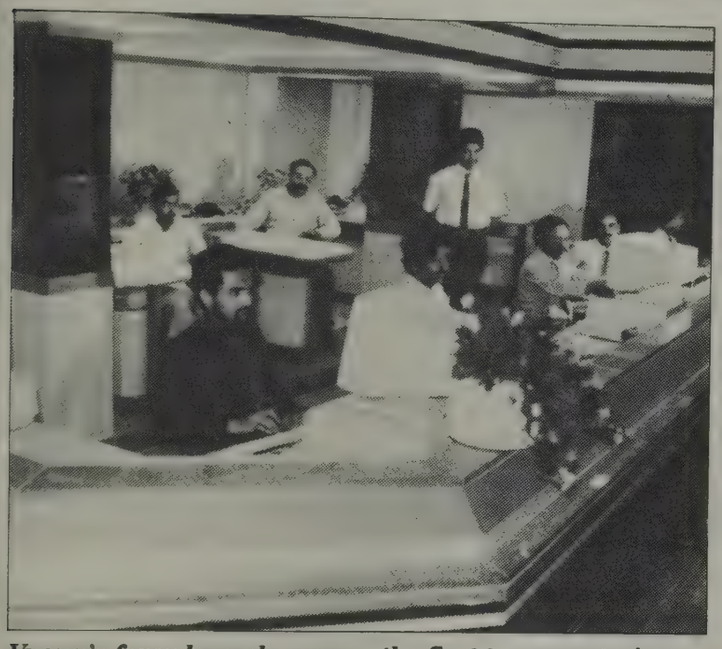
Not encouraging

In 1988, when credit cards were launched



A Vysya branch: using training as a motivational tool

by Vysya Bank in collaboration with Central Bank, there were 10,000 cardholders and 7,000 establishments listed. But the growth has not been encouraging. It suffered due to lack of proper service; the bills were received late and hence the bank could not bill its members in time. The pace of credit card operations slowed down. Gelli says, "We are now evaluating the entire system so that processing can be done quickly." Adds Sridhar Subasri, deputy general manager who looks after credit card business, "We are in the process of re-positioning our credit card business. We have 20,000 members now and 1,800 own establishments." (Earlier, the bank never had any independent establishments).



Vysya's forex branch: among the first to computerise

Unique service

Its Investors' Club is a unique service among the banks. On members' advice, the club buys and sells shares for them at a commission. After six months of operations, it also offers loans against share securities. At present, the club has 10 centres and it plans to add 15 more in the near future. It has 3,000 members who pay an annual membership fee of Rs.500 and a security deposit (refundable) of Rs.1,000. Says Subasri, "The members of Investors' Club are neither speculators nor active investors. They are individuals holding investments." Points out Gelli, "That's why our average turnover is Rs.2 crore per month. For us, the club is a step towards merchant banking."

Gelli now wants to get into venture capital in the near future. "If any entrepreneur wants to set up a new unit or expand, we would like to provide the risk capital," he says. "A viable project may not get the necessary funds in time, in which case we may step in and bridge the time gap between declaration of the project as viable and sanctioning of finance. We also meet the short-term immediate needs of the industry and business." The venture capital operations will be launched during June-September 1991.

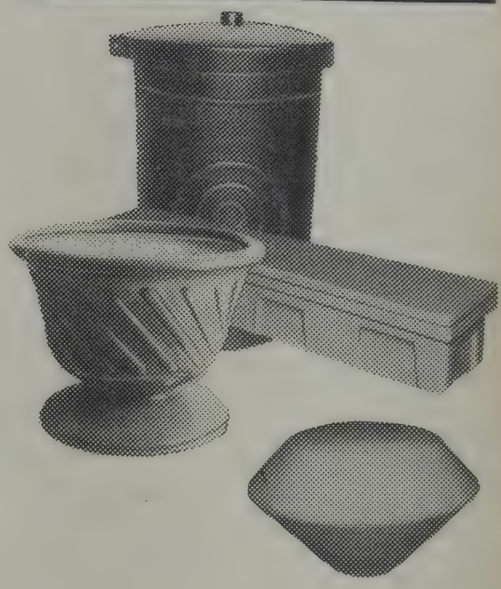
Growth limited

But Gelli realises that, despite his attempts at diversification, there is a limit to how fast Vysya Bank can grow, given its private-sector character. It is not easy to compete with the mammoth nationalised-sector bank network that runs the country's financial system. Former RBI governor Malhotra had suggested the way out for Vysya while speaking at its diamond jubilee celebrations. "The financial markets are becoming extremely competitive, and greater investments will be needed in technology if the banking sector has to remain competitive," he said. "Very small private-sector banks would gain greatly if some of them come together and form viable private-sector banks. I would urge the directors of these banks to give serious thought to this idea because very small institutions, to my mind, are likely to face difficult times ahead." But even this is not easy, as Gelli learnt last year when he tried to take over the Parur Central Bank in Kerala. RBI favoured Bank of India.

So for the moment at least, the only way Vysya Bank can grow is by being more efficient in its operations, seeking more private-sector clients and diversifying. But the question uppermost in the minds of Vysya Bank watchers is whether the bank will retain all its capabilities once Gelli leaves next year. And who will be Gelli's successor? As B.R. Viswanath Shetty, a director of the bank, points out, "Gelli has created a reputation that would be difficult to emulate." At least for Gelli, one thing is sure. By the time he leaves, he would have realised his dream, if not fully, but substantially.

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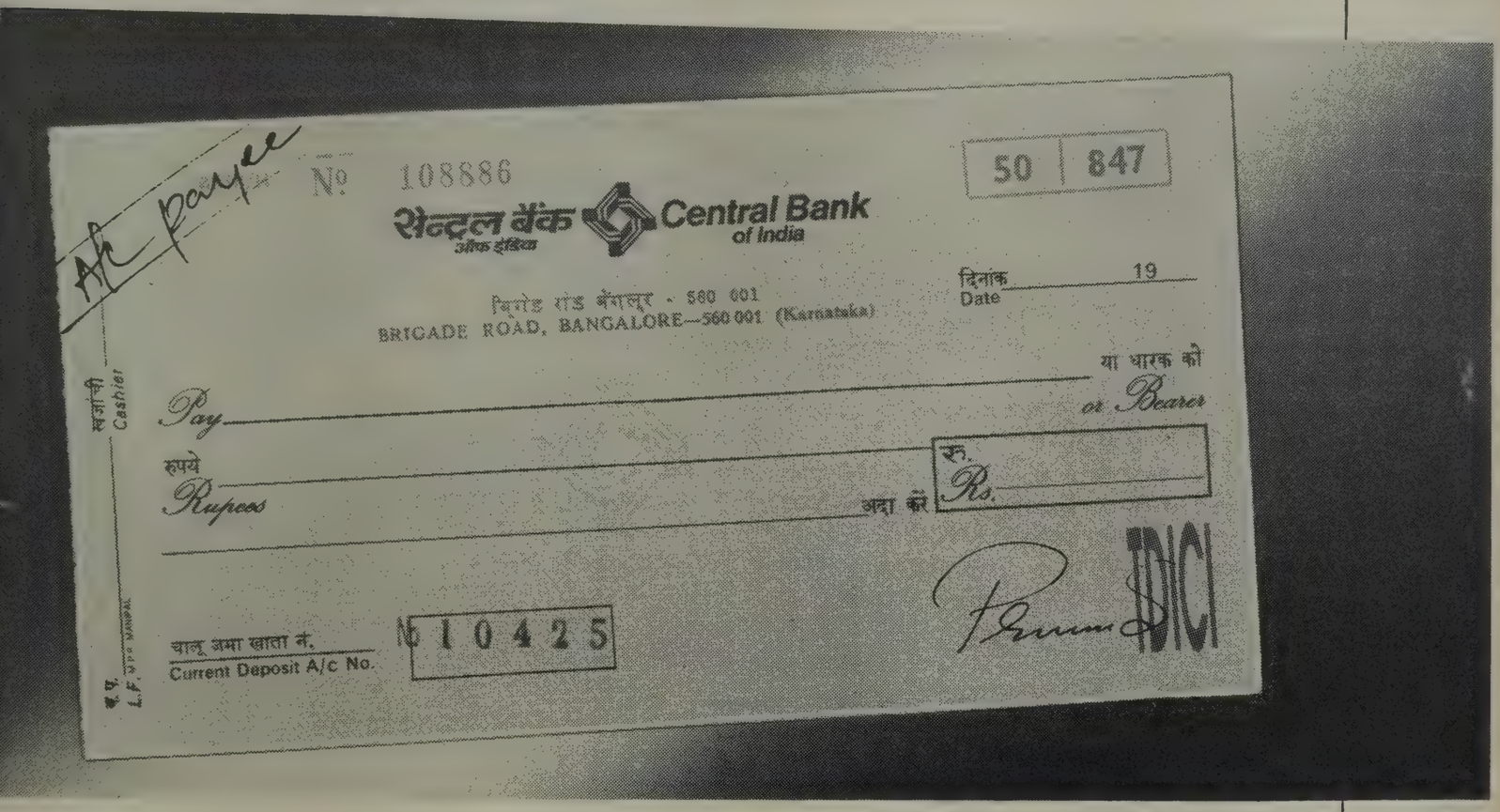
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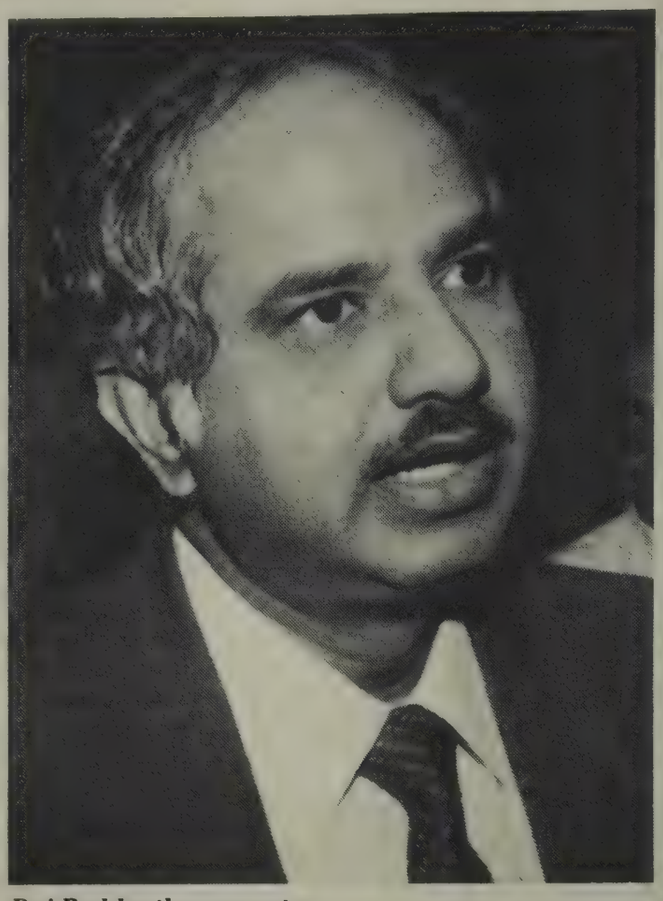
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Raj Reddy: the promoter

In the corporate environment of the computer industry, rumours travel faster than signals on a microchip. And now, the grapevine is abuzz with talk: that Voltas, the Rs.700-crore multiproduct company belonging to the Tata group, is planning to buy over the Hyderabad-based OMC Computers, in which it already has a 51 per cent share. Mohan Reddy, chief executive, OMC brushes aside this rumour, "How can a parent crush the identity of its own child? Right from its inception, the chairman of Voltas, A.H. Tobaccowala, has been the chairman of OMC. He has helped shape company policies and encouraged it to maintain a separate identity."

OMC, a medium-sized computer company, first came to the limelight in the mid-eighties when it introduced CAD (computer aided design) workstations in the country. In a span of five years, it increased its turnover seven times from Rs.3 crore in 1982-83 to Rs.21 crore in 1989-90 and consolidated its position in the CAD market. But competition from new entrants has been chipping away its profit margins. Net profits declined from Rs.51.72 lakh in 1988-89 (nine months) to less than Rs.33 lakh in 1989-90.

With the computer industry going through a major recession this year, things are expected to be even worse. In fact, industry sources say that the company is going through a working capital crunch. Says one competitor, "OMC seems to be financially stretched." One Bombay-based supplier told *Business India* that cheques issued to him by OMC had bounced recently.

Up for sale?

So, it wasn't surprising that, ever since the Computer Society of India's annual jamboree at Calcutta in December, speculation was rife in industry circles that OMC is up for sale. Says a leading computer manufacturer who was approached, "We studied the figures and found the offer unattractive." However, Shiv Nadar, chief executive of HCL, India's largest computer company, when asked whether he was approached, said, "I am surprised that some people are talking about OMC being on sale. It is a well-managed company."

Mohan Reddy denied that he had made anyone any offer. However, he does admit subtly that survival would be rather difficult for companies like his in future. The trend, he feels, will be for alliances between two or three medium-sized, like-minded companies to take on larger giants.

OMC already has an arrangement with Tata ELXSI to market its range of workstations. And some feel that this would eventually lead to Tata ELXSI picking up a stake in OMC. An alliance of this kind definitely does make good business sense. At the CSI conference in Calcutta, Tata ELXSI demonstrated a range of low-end workstations manufactured by OMC through a tie-up with the US-based Silicon Graphics (SGI). On the look out for a strategic alliance in India for its high end workstations in India, SGI may team up with Tata ELXSI in this venture. In that context, Tata ELXSI's teaming up with OMC, industry sources say, will benefit the latter considering its present state of affairs.

OMC Computers was promoted by Raj Reddy, (director of the Robotics Institute at Carnegie Mellon University in the US), Voltas and the Andhra Pradesh Electronics Corporation (APEC). Raj Reddy and his relatives have a 30 per cent stake in the Rs.2.1 crore capital of the company, while Voltas has the controlling 51 per cent and APEC the rest. The company started out as an exclusive manufacturer of CAD workstations in 1984.

CAD being a new concept, OMC Computers had to first educate the customers before selling. This they did by selling 58,000 60 OMEGA machines in the first year of operation. The decision to concentrate on the CAD market was prompted by three factors: the need for an identity separate from the run-of-the-mill computer vendors, the company's access to latest technology from the US and possession of engineering talent. The subsequent years were marked with a strengthening of product base. As a manager from HCL remarks, "OMC's strength is its healthy departure from the trend adopted by most hardware vendors. It has concentrated on hardware as a platform, relying on a regular supply of varied software, introducing new products and keeping their customers continuously updated."

In 1985, OMC introduced Draftsman, India's first indigenous drafting machine — a result of 25 man years of R&D efforts. The Draftsman allowed the creation of a variety of drawings for architectural, mechanical, chemical, electrical and schematic purposes. The product was a runaway success, for the advantages of an indigenous product meant good after-sales service. Also, there was no problem of pirated copies either.

In 1986, when the Rangarajan Committee was formed to study computer applications in banks and financial institutions, OMC diversified into the banking segment. Modifying its products

to meet specific requirements of banks (like advanced ledger posting machine, etc), OMC Computers managed to gain 35 per cent share of this market. The contribution of banking to the total revenue came down subsequently to 10 per cent partly because banks' purchase came to a virtual standstill. Profits being low in this segment, a deliberate decision was made to concentrate on other areas.

In 1987, OMC introduced a CAD workstation, Omega Designer, which supports a number of engineering solutions for mechanical computer-aided engineering and architectural piping. This product had applications in defence, architectural and mechanical areas.

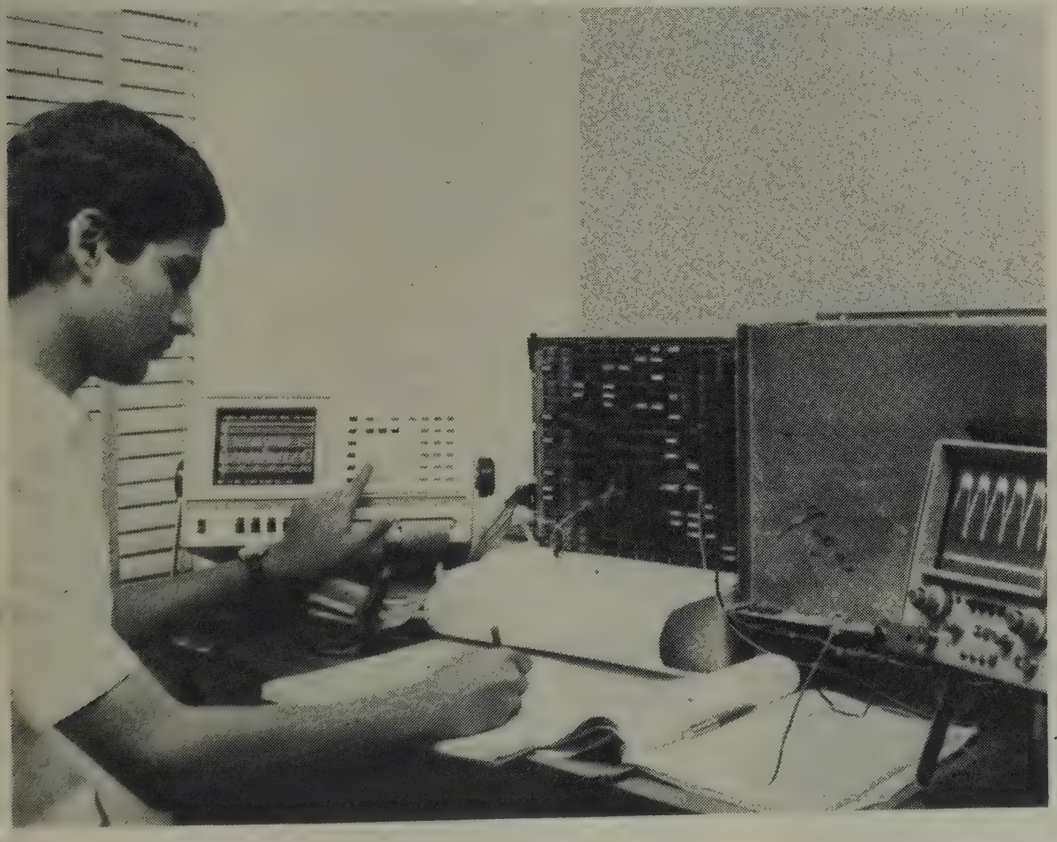
Variety of products

In 1988, OMC signed up with Silicon Graphics, US, to make Omega 3100 series. This product extended real time capacity on the machine and the product was actually simulated on the screen (the tie-up with Silicon ensured access to latest state-of-art technology). The next year, OMC launched RISC (reduced instruction set computers) technology for the first time in India at the CSI meet at Bangalore. This technology helped faster processing, useful in general purpose data applications and CAD. In 1990, at Calcutta, OMC launched Omega Iris 4D20 which processed five times faster and yet was considerably cheaper than Iris 3100.

Since 1987, marketing of CAD workstation has become more difficult and competition has stepped up — giants like HCL and Wipro teaming with world leaders like Sun Systems and Apollo to flood the Indian market. Where OMC had a virtual monopoly till 1987, its market share has now reduced to less than half. The stiff competition has resulted in undercutting of prices in a manner that seems to have affected OMC's bottomline. With the CAD market growing slower than expected, the going will be tough for OMC.

Mohan Reddy is still optimistic. He speaks of strategic alliances and intensified exports as a way out. On the export front, OMC made a beginning last year with exports of Rs.1.88 crore to the Soviet Union. Markets in Europe, Dubai and West Asia are being explored this year. Reddy finds the recent Tata ELXSI-OMC tie-up to be one of perfect synergy. For every power centre manufactured by Tata ELXSI, OMC sells about two to three workstations. But industry sources say that OMC will have to go beyond an alliance with Tata ELXSI to survive. It has to get substantial power to back it up if it is to take on the bigger competitors.

■ MEERA SHENOY with AROON SARKER



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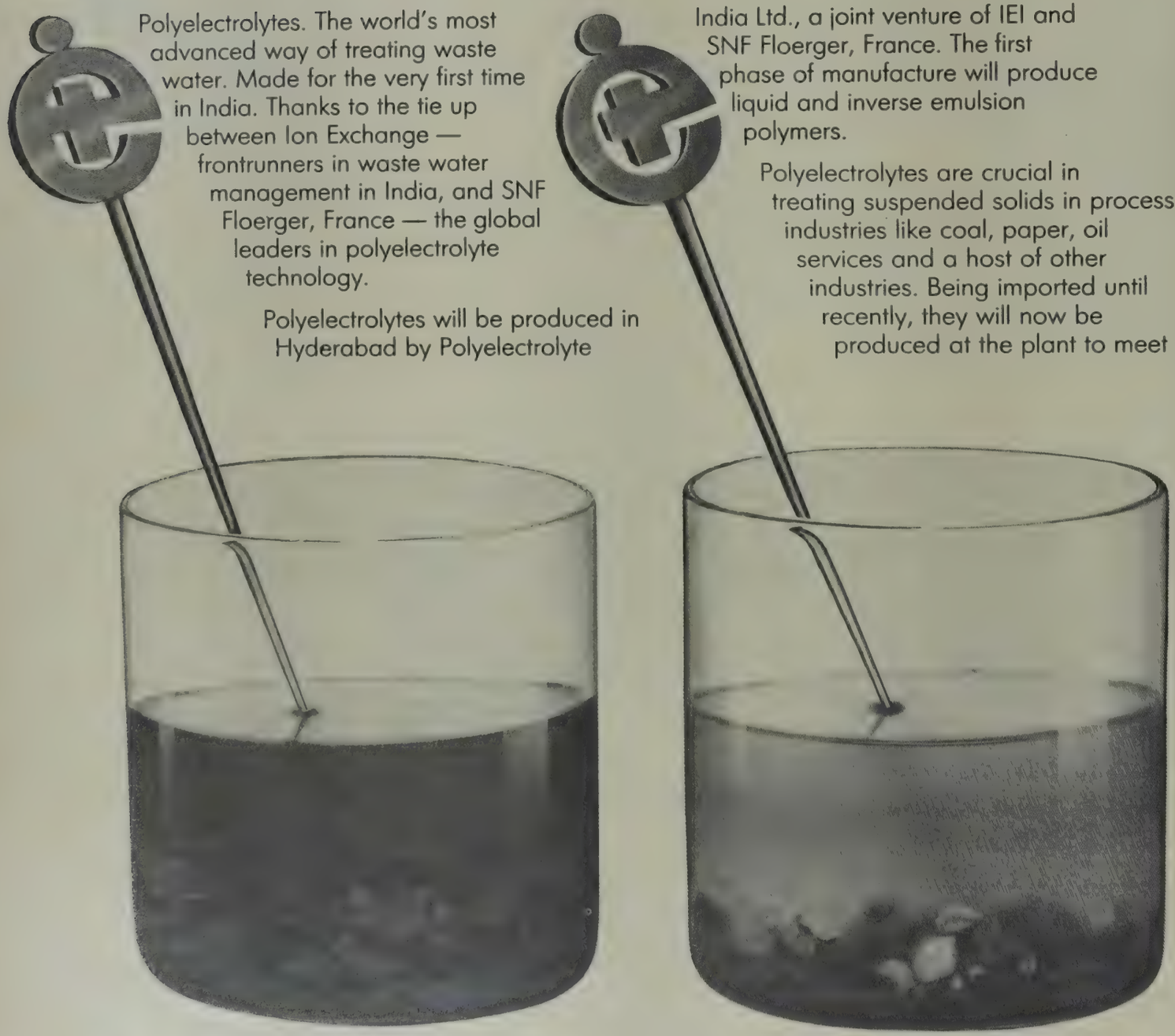
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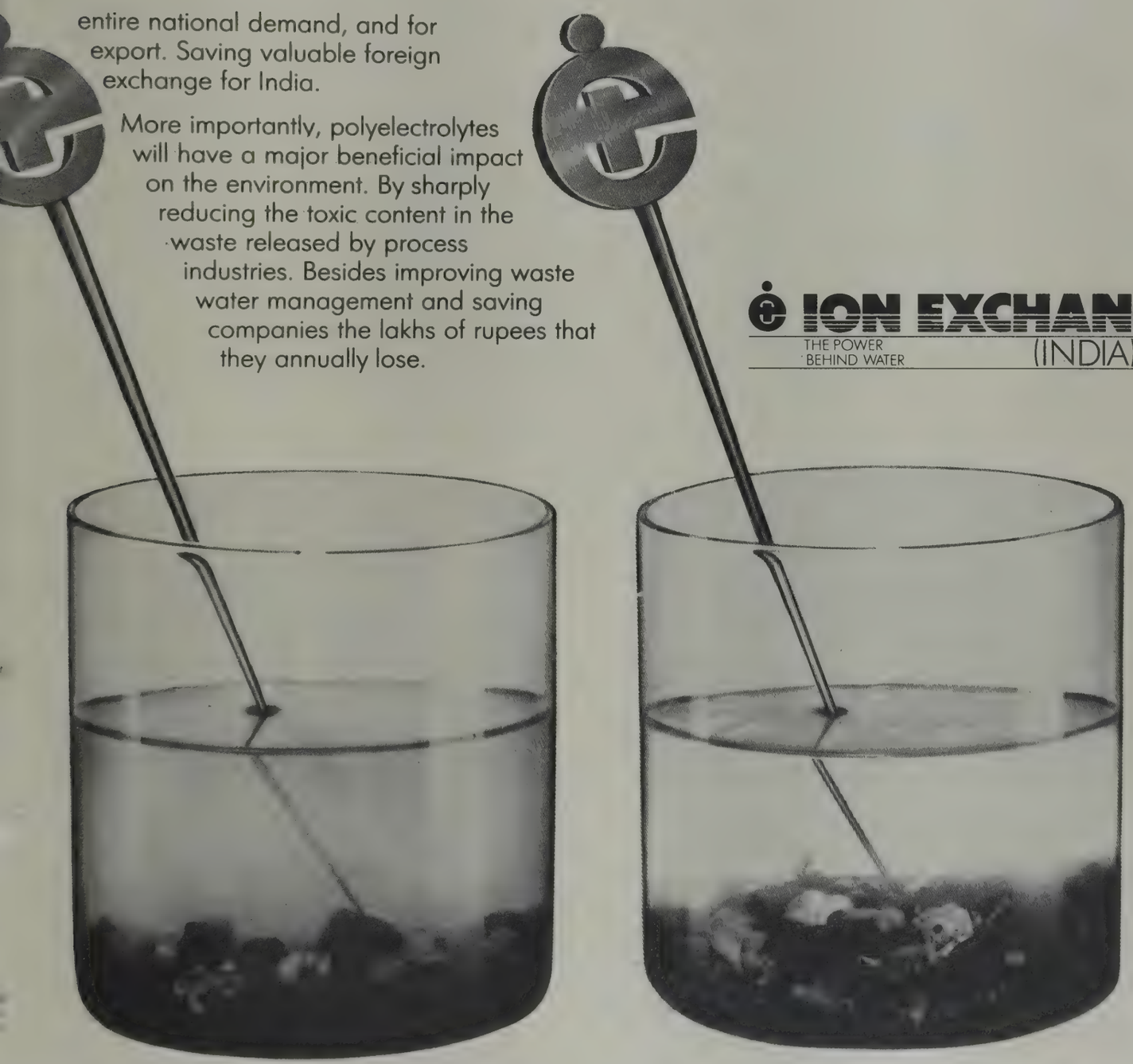
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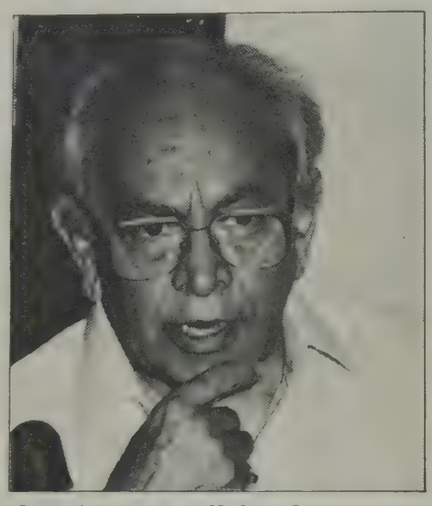
RALLIS INDIA

Changing course

The company has decided to sell off its loss-making fan division and two engineering subsidiaries at an undisclosed price to a Calcutta-based group

Darbari Seth has done it again. Last year, the Tata strongman sold off four of ACC's loss-making cement units; and last fortnight, he sold off the fans division of Rallis India and two of its engineering subsidiaries — Ralliwolf and Indian Standard Metal (ISM). In both cases, the plants have been sold to the Calcutta-based Hemraj Mahabir Prasad Poddar (HMP) group. Helped by strong cement prices, ACC bounced back this year with big profits, now it is to be seen whether Rallis can do the same.

The Rallis board, headed by Seth as chairman, took the decision to sell its engineering activities after the company's profits dropped sharply: from Rs.8.03 crore in 1988-89 to Rs.1.83 crore in 1989-90. This happened despite a sharp increase in sales from Rs.299 crore to Rs.361 crore. Worse, subsidiary Ralliwolf made a loss of Rs.4.22 crore on a turnover of Rs.19.21 crore, and ISM a loss of Rs.3.16 crore on Rs.2.85 crore.



Seth: better to sell than lose money



Poddar: big plans

The downturn in Rallis' fortune was mainly due to heavy losses in the engineering and pharmaceutical divisions. This severely eroded the good profits made by the agrochemicals division. The company decided to sell off the fans division (engineering) mainly because it has no synergy with its mainline chemical business and it was cornered in the industry by its above-average cost of production. "Being located in Bombay, our wage rates are far higher than those of other fan makers. Besides, it is impossible to compete with small-scale people who enjoy excise concessions," says Daljit Sabikhi, executive vice-chairman of Rallis.

Sabikhi was brought in from Tata Tea, another Seth group company, to Rallis mainly to oversee the restructuring of the company. Company sources say managing director Vijay Rai seems to have been totally sidelined after he came in.

Like Rallis' Rallifan, Ralliwolf's portable electric tools are also market leaders. But here too, increased cost of production, stagnant prices and a labour problem brought the company down.

The engineering division of Rallis and its two subsidiaries together have seven plants (six in Maharashtra and one in Gujarat) which are interlinked. The HMP group will take over all of them in a package deal. ISM, for example, makes castings for both the fan factory and the power tool factory of Ralliwolf. The latter makes special motors and armatures which goes for fan making. "All these plants are complementary to each other and it does not make sense to buy one and leave the other," says Mahabir Prasad Poddar, the 58-year-old group chairman.

The HMP group's total turnover is estimated at Rs.350 crore. It has six tea gardens, two jute mills, three sugar mills and four cement plants. "We have big plans for the Rallis plants. We will modernise, expand and introduce new products," says Poddar, who is confident of a turnaround.

And how does Rallis benefit from this deal? Unlike ACC's plants, which were sold at prices just a little above book value, Rallis' plants should fetch a good price. Although, neither Sabikhi nor Poddar are willing to disclose the price, people in the industry and company expect that it will be quite high. This is on the grounds that the price for the Rallis and Ralliwolf factories located at Mulund, in the eastern suburb of Bombay, will include the value of the huge plots of land they stand on.

The Rallis management has not only been secretive about the price, but it has also kept the details of the deal from the company's union. "We were kept totally in the dark about the buyer," complains Madan Phadnis, president of the Rallis Group Employees Union. "How can the management decide our fate without even informing us?"

The sale may lead to major savings for the Rallis. The estimated loss of about Rs.4 to Rs.6 crore made by the fan division every year will be plugged. Also, wages totalling Rs.4 crore on the division's 1,300 employees will be saved. And since the sale will be effective from 1 April 1991, Sabikhi hopes that the 1991-92 balance sheet will show a substantial improvement in profits. The loss in sales, about Rs.65 crore, is expected to be made up in 2 to 3 years.

But Rallis' problems are not completely over. About 85 per cent of its pharmaceutical sales come under the Drugs Price Control Order (DPCO) and therefore suffer from poor margins. According to a knowledgeable source, the pharma division lost about Rs.2.50 crore in 1990-91. Also the division's new bulk drugs plant put up at Ankleshwar in Gujarat, at a cost of about Rs.14 crore in 1987-88, is still not fully operational. It has, in fact, become a burden on the company. Many in the industry feel that eventually Rallis will also sell of the pharma division. Sabikhi maintains that "there is no such plan at the moment."

Sabikhi says that Rallis will now concentrate more on its chemicals division, which accounts for 55 per cent of the company's turnover. Fine chemicals, phosphatic fertilisers and pesticides are Rallis' main products and are expected to continue to do well in the future. The company also has plans to manufacture three new agrochemicals — anilophos, carbofuran technical and dithianon. "With the engineering division off our shoulders we now have more time to strengthen our chemicals business," says Sabikhi. "We must do what we do best." That sounds like the company has already decided its future course.

■

DILIP MAITRA

The EXIM Bank Casebook

How PRICOL Zeroed In On An Export Niche

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Seeking out a niche

While many Indian engineering exporters cater to replacement part markets, PRICOL chose to build on its strengths as an OEM supplier.

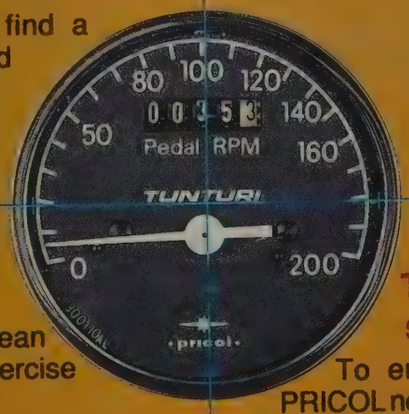
The company could have aimed at the high-volume, price-sensitive automotive markets, where it would have been one among many vendors.

Instead, PRICOL chose to find a position from which it could dominate.

Hitting the target

In just two years, PRICOL achieved an annual export turnover exceeding Rs 1 crore.

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Zeroing in

PRICOL zeroed in on European manufacturers of boats and exercise cycles.

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TRANSPEK INDUSTRIES

Challenging days ahead

Though sales have doubled in the last four years, the company still has obstacles to cross. Yet, through innovations in technology and aggressive marketing, the bottomline is being improved and this has led to a high degree of investor confidence

It was a strange get-together — a successful Bombay-based agrochemicals manufacturer (the Shroffs of Excel Industries), a reputed Baroda textile maker (Haribhai Patel of Shri Dinesh Mills), and a businessman-politician who was once president of the Bombay Pradesh Congress Committee (Dayabhai Patel). The year was 1965 and the purpose, setting up of a company to manufacture transparent acrylic sheets. The factory was to be located at the then fledgling industrial town of Baroda. And they named the company Transpek Industry Pvt Ltd.

Transpek has since come a long way. At last year's silver jubilee celebrations, the company offered 200 equity shares at par (the Rs.10 share was then quoted at Rs.180) to each of its 1,200 employees. It could well afford this generosity for sales since 1987 have more than doubled to around Rs.50 crore in 1990 and the net profit was over Rs.2 crore.

Daunting task

But more challenging days lie ahead for Transpek. True, in the last ten years, its sales have jumped by more than 10 times. But the target the company has set for itself — to touch a turnover of Rs.100 crore by the end of next year — appears daunting. And it is dependent on the changing fortunes of the textile industry in India. After years of struggle, textile mills are finally making money — sales have picked up and so have exports. Transpek stands to gain from this because three of its main products — hydro (sodium hydro sulphite), safolite (sodium formaldehyde sulphoxylate), and safolin (zinc formaldehyde sulphoxylate) which constitute 65 per cent of its sales — are all used largely in the printing, dyeing and bleaching of textiles.

Other Transpek products include thionyl chloride which is used as an intermediate for various pesticides, herbicides and pharmaceuticals, chloro acetyl chloride (CAC) an intermediate for pesticides and herbicides, a large variety of oil-field and rubber chemicals and the export-oriented speciality, zinc oxide. All these products are manufactured through home grown technology. "Indigenous processes have invested our products with the competitive edge," says Atul G. Shroff, chairman and managing director of the company.

Hydro is the company's main product, contributing 28 per cent of its total turnover and for which it has a 30 per cent all-India market share. And Transpek's manufacturing capacity for the product at 9,000 tonnes a year is at least 2,000 tonnes more than that of Tamil Nadu Chemical Products Ltd. (TCPL), one of the major competitors.

Pics by Rajoo Solanky



Mukesh Patel, Atul Shroff, Atul Patel: 'top group'

"We were not always the market leaders of hydro," explains joint managing director Mukesh D. Patel. "During the early years, we were pitted against leading business houses like the J.K. group and the Indian Electro Chemicals of the Nirlon group." When, in 1970, Transpek ventured into the production of hydro, the white granular powder was being traded as a speculative commodity. "Official price of hydro was then quoted at Rs.7 per kg. But the product actually commanded a market price of nearly Rs.45 per kg," explains Paresh M. Saraiya, vice-president, marketing and development.

Flooding the market

By maintaining a lower price (with the help of indigenous technology) and by flooding the market with the product, Transpek slowly stole a march over the others. Recalls Saraiya, "To break the stranglehold of the giants, we visited all the textile mills and stocked all the possible farmers' haunts such as *paan* shops and tea stalls with the product."

By the early eighties, Transpek began to dominate the hydro market. Says a competitor who does not want to be named, "Transpek definitely has performed admirably. Its professional approach to the business has been the reason for its success."

Transpek, however, was not planned as an inorganic chemicals unit. It was originally set up to make transparent acrylic sheets using IPCL's by-product HCN as raw material. Hence the name Transpek and its location at Baroda. The plan ran into rough weather, when, a subsequent shift in government policy reserved production of the plastic from HCN for the public sector. In 1971 at the behest of ICI, Transpek started making sodium hexameta phosphate. This marked its foray into inorganic chemicals. "An interesting aspect of our product launches," says Saraiya, "is that they are usually the outcome of customers' demands."

Transpek has innovated on the technology and marketing fronts. Its adherence to in-house technology provides products with an initial price advantage. For example, when Transpek developed expertise in the recovery of zinc metal from waste by electrolysis, it was able to maintain lower manufacturing costs vis-a-vis other competitors since this element accounts for almost 35 per cent of the cost of production of hydro.

However, as the production volumes of hydro increased, Transpek had to supplement its increased requirements of zinc through imports. Its recent breakthrough, the first ever in Asia, in the successful commercial extraction of zinc and

copper from waste employing plasma technology is expected to help the unit meet its entire requirements for these metals in the next couple of years. Transpek's bottomline is bound to improve subsequently.

The constant concern to contain production costs at the minimum level possible, without sacrificing quality, has enabled Transpek to tap European and American markets. It hopes to improve the value of these exports from the present Rs.1.25 crore to Rs.6 crore by fiscal 1991.

Back home, riding on quality and superior after-sales services, Transpek is able to realise 5 per cent higher prices for its products. According to Dilip Sheth, general manager (purchase & stores) of Arvind Mills, "We usually procure almost 30 per cent of our annual requirement of hydro of about 600 tonnes from Transpek. While price-wise the product at Rs.52 per kg is Rs.5 costlier than the other manufacturers, its quality and the company's after-sales services are amongst the best in the industry."

Transpek's service-oriented marketing strategies stretch beyond just timely deliveries, and include innovative packaging to ensure safe transportation (especially in case of hazardous chemicals). For example, for thionyl chloride, the original glass carboys were replaced by the more convenient and safer galvanised drums and totebins of 1 tonne capacity.

On other occasions, as in the case of safolin, a chemical used in the discharge printing of synthetic fibres, aggressive door-to-door advertising campaigns are also undertaken. Armed with such measures, Transpek effects 80 per cent of its sales through 14 country-wide distributors, and the remaining through direct sales.

Over the years, the company has also invested considerable energy to upgrade its manpower skills at all levels. "At Transpek, human resource development (HRD) is a tangible corporate ethos," states Shroff. Corroborating the statement, T.V. Rao, professor at the Indian Institute of Management, Ahmedabad and currently advisor to Transpek says that the policy makers at the company are firmly committed to HRD. According to Shroff, at any given time, the organisation invests in 10 per cent surplus manpower just to draw up plans.

Friendly management

The personal involvement of the 'top group', as the senior managers and the founding members of Transpek are called, in the career growth of their personnel has brought about a 'friendly and open style of management', and has resulted in extremely cordial industrial relations at the unit.



Atul Shroff with workers at Ekalbara: 'HRD is a corporate ethos'

However, several senior executives and managers express concern at the tardy implementation of new and large projects. They feel that plans should be worked out in greater detail for their efficient translation into action. It will also help administrative and manpower support systems to really think and act big. S. Ramnarayan, professor at the IIM, Ahmedabad and consultant to Transpek, concurs. According to him, Transpek is stretched to its limits in terms of manpower strength vis-a-vis its fast pace of growth. "At the same time, there is a considerable gap in the management capabilities between the top and core group," he adds.

To overcome the problem, Transpek is currently in the process of recruiting more people as well as upgrading the skills of existing manpower. And this, in essence, sums up Transpek's current dilemma — how best to maintain the existing workable and informal style of management despite the inevitable organisational restructuring that follows expansion.

Transpek's plans include expansion of production capacities for hydro, safolite and CAC. The stress will be on exports and the increased capacities will cater largely to international markets. Recently, the company concluded a contract with the National Petrochemical Co. of Iran to set up a turnkey project for the manufacture of 1,500 tonnes CAC a year. The job, to be completed in 30 months, is expected to rake in nearly $12.5 million as foreign exchange.

On the domestic front, to counter its over-dependence on hydro and safolite, which together contribute to almost 65 per cent of Transpek's turnover, the management intends to produce a new range of rubber chemicals on a commercial scale. "And for the next five years, we will concentrate on commercialising plasma technology for the extraction of non-ferrous metals required for internal consumption," says Shroff.

The company is financing most of its immediate expansion through secured and unsecured loans of approximately Rs.10 crore obtained from banks and various financial institutions including the IFCI. How these investments fructify into profits remains to be seen. Though its gross profit margin has risen over the years to 7.33 per cent last year, the company's borrowings and raw material cost have been rising fast — from Rs.10.9 crore to Rs.17.19 crore, and 54 per cent to 58 per cent of the revenue, respectively.

But Transpek shareholders are not worried. Of the company's Rs.2.5 crore equity, 40 per cent is controlled by the members of the founding families, while 56 per cent is with general public. And despite all the upheavals in the stock-market, the share price was quoting at a healthy Rs.155 at the beginning of the month. Not many chemical companies in India can boast of such a high degree of investor confidence.

■ NEERA SETHI

ALUMINIUM

Problems of plenty

The boom the industry started experiencing in 1989-90 still continues, though on a smaller scale. Downstream units' problems notwithstanding, the primary producers are making merry — raising prices, feeling out foreign markets, and going in for expansion

It was the year of superlatives for the aluminium industry — of record production and profits that touched dizzy heights. During the year, the country had also become an exporter of the metal instead of its importer. Producers of the silver-white metal cherish wonderful memories of 1989-90.

The boom still continues, though not on last year's massive scale. And nobody is complaining. Says S.P. Shorewala, vice-president (sales) of Hindalco Industries Ltd, the country's largest aluminium producer in the private sector, "Demand for aluminium is holding up well. I am also very optimistic about the future."

Last year, the three large aluminium manufacturers in the public sector and the two big private ones together had produced 435,000 tonnes of aluminium against an installed capacity of 610,000 tonnes. During the period April 1990 to February 1991, the total output reached 405,000 tonnes — an increase of more than 15,000 tonnes over the corresponding period in 1989-90. This upward trend in production has been accompanied by frequent price revisions which have benefited the five primary producers. Not surprisingly, a senior executive at one of these companies refers to aluminium as 'white gold'.

One word sums up the reason for this jubilation: decontrol. The deregulation of aluminium from price and distribution controls from 1 March 1989 onwards helped the more efficient units to increase production and make profits.

Scrips go up

As expected, this turn in fortunes has not been lost on marketmen, and the aluminium scrips have been rocketing high. Hindalco, which was always traded below Rs.60 before 1985, is now being quoted at around Rs.250 (ex 1:3 bonus and ex rights). Indal, which was traded at Rs.60 in December 1988, has now reached thrice that price. Surprisingly, even Malco, with huge accumulated losses, is being traded at Rs.200, thus demonstrating the immense confidence build-up around aluminium.

This 'white gold', which is causing all this excitement, is the most abundant metallic element in the world — about 8 per cent of the solid portion of the world's crust is aluminium. But although its ores are widely distributed in the earth's crust, only bauxite has proved economical as a source of ore from which the metal can be smelted. Bauxite is usually mined by the open-pit method, then crushed, sometimes washed to remove clay, and dried. It is then treated chemically and refined into alumina. Metallic aluminium is produced by an electrolytic process that reduces the alumina into oxygen and aluminium. Though it sounds simple and straightforward, production of aluminium is one of the most capital-intensive industries around. For every 100,000 tonnes of plant capacity, Rs.1,600 to Rs.1,800 crore worth of investment is required.



Finished aluminium ingots (Nalco): sharp increase in output

The metal's diverse properties lend it to a wide range of applications and it ends up being used in numerous products, from kitchenware to aircraft. Since it is a good conductor of electricity, aluminium finds wide applications in the electrical industry (cables, conductors, etc). Its light weight, corrosion resistance, high strength, energy-efficient recycling and high thermal conductivity also lead to many uses. About 45 per cent of the total aluminium consumed in the country is taken up by the electrical industry. And 15 per cent goes into the making of kitch-

enware. The packaging and transport sectors consume about 8 per cent and 6 per cent, respectively.

Downstream units flounder

These numerous applications may suggest that downstream aluminium units (which transform the metal ingots into bars, tubes, foils, cables, conductors, etc) must also be raking it in along with the primary producers. But this is not so. Many cable and conductor manufacturers are floundering. With the exception of the Bangalore-based Jindal Aluminium, most of the extrusion units are in a bad shape. Downstream manufacturers blame it all on the primary producers and the government.

"The primary producers are doing well because of the frequent price increases, none of which they have passed on to the downstream units," says Rajendra Somani, managing director, Oriental Containers Ltd. Many other consumers too complain about the frequent increases in the price of aluminium. Today, a tonne of aluminium, which costs Rs.36,000 at the factory gate of any one of the primary producers, costs the consumer Rs.49,086 per tonne after packaging costs, excise duty, surcharge and central sales tax have been levied.

It is this high price which stands in the way of this metal being put to new uses. While there are 25,000 known applications of aluminium in western countries, in India it finds only 300 applications. As a result, while the per capita consumption of aluminium in the US, Japan and France is 27 kg, 18 kg and 11 kg respectively, in India it is only 450 gm.

There are other allegations against primary producers. "The supply from primary producers is erratic. When there is a surplus, they dump their product. There are no planned despatches," says Somani. According to another consumer, Indian aluminium producers are ignorant about the niceties of after-sales service. "They are only interested in talking about outstanding dues," he complains.

Shriram Chokhani, managing director, Sudarshan Aluminium Industries Limited and president of the All India Aluminium Extrusion Manufacturers' Association, blames the government for neglecting the sector. "The total government taxes levied on us comes to 44 per cent. Excise alone is a high Rs.19,000 per tonne," he says.

While he may have a point, other factors have contributed to the sorry state of affairs as well. There is cut-throat competition all around. Again, there is an excessive licensed capacity of 135,000 tonnes when the demand is for only 65,000 tonnes. And most important, secondary producers have failed to upgrade their production facilities over the years and this has led to a decline in their profitability.



Ingot yard (Indal): now the stress is on alumina

Increasing input costs

On their part, primary producers point out that the high ingot prices are directly related to continually increasing input costs of raw materials like calcinated petroleum (CP) coke and coal tar pitch. International CP coke price is around Rs.4,100 per tonne but in India it works out to about Rs.9,000 per tonne.

Similarly, while the price of coal tar pitch in the world markets is around Rs.4,500 per tonne, in India it costs Rs.7,200 per tonne. Asks P.S.Ramaratnam, Nalco's executive director (commercial), "Why blame us alone? Haven't steel and copper prices been raised so many times in the recent past? We have acted in a very responsible manner by holding the price line for nearly one year and one month after the decontrol was lifted."

But consumers are not convinced, and point out that no industry can justify a 40-per-cent price hike between November 1988 and December 1990. Somani has an explanation: "The primary producers, who have formed a cartel in order to cover Nalco's high investment costs, are now jacking up the prices." Another downstream manufacturer adds, "There is a lot of customer resistance building up as a result of the high prices. State electricity boards are deferring their purchases. And people avoid going in for new applications of aluminium."

On the other hand, primary producers grumble about other hindrances like high excise duty. "There is no logic behind the government charging such a high excise duty except its need to generate additional revenue," says Shorewala. "Which should not be the case since ours is an industry which saves foreign exchange. If aluminium can be made available more cheaply in the domestic market, then the imports of copper and zinc can be reduced."

The aluminium industry is very power-intensive. And the erratic supply of power in almost all parts of the country has kept the average capacity utilisation of Indian aluminium plants to a low 65 per cent.

Among the first companies to solve this power problem was Hindalco. Earlier, it had to depend on the UP state power grid and its unreliable supply. Then it set up a new subsidiary, Renusagar Power Co, which installed in-house generators with a capacity of 327.5 MW. And now, for the last two years, the company has been self-sufficient in its power requirements.

Major advantage

The location of Hindalco's plant at Renukoot in Uttar Pradesh, very close to coal and bauxite deposits, has also been a major advantage. Hindalco, an Aditya Birla group company, was among the first primary producers which went in for ex-

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The friendly metal: a dossier

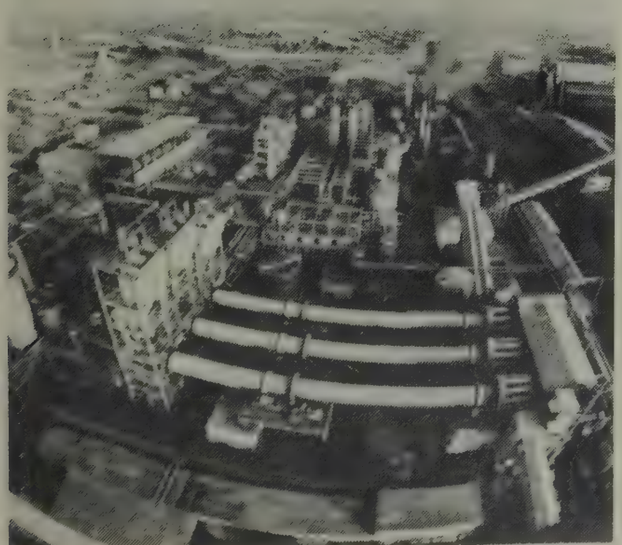
- The first aluminium object ever made was a toy rattle for Napoleon's son.
- Alcan Aluminium Ltd posted a profit after tax of $931 million in 1988 — the highest ever made by a Canadian company.
- In October 1885, American Charles Hall and Frenchman Paul L.T. Heroult (both born in 1863 and died in 1914) independently discovered an inexpensive method to separate aluminium from its ore.
- The US is the biggest aluminium producer and the biggest consumer.
- The principal elements used as alloys with aluminium are silicon, copper and magnesium. Silicon increases the hardness and corrosion-resisting properties; copper improves the mechanical properties; and magnesium increases the lightness and resistance to impact.
- For a given weight, some aluminium alloys are twice as strong as mild steel.
- Earlier, the metal was so rare that Napoleon III, the French emperor's nephew, had his artisans design an aluminium table for guests who deserved something better than gold.
- Aluminium recycling saved 10 billion kWh of electricity in one year, enough energy to light New York city's residences for over six months.

truded products where the value addition is as high as 20 per cent. All this helped the company put up a brilliant performance last year when net profit increased by 200 per cent and turnover by 47 per cent. Its EPS of Rs.35.67 compared very well with the Rs.14.10 of Indal, the second best performer in the private sector.

Like Hindalco, Nalco too has made its own arrangements for power supply. It has a captive power plant of 600 MW near its aluminium smelter at Angul in Orissa. (There is a proposal to increase this capacity to 960 MW.) This in-house power generation facility helped Nalco to record a sharp increase of 56,265 tonnes last year over the 1988-89 output of 78,753 tonnes. Says K.V.B. Pantulu, chairman and managing director of Nalco, "Till recently, India was importing substantial quantities of aluminium which required the outgo of considerable foreign exchange. Nalco was primarily set up to increase the production of aluminium in the country in order to make us more self-sufficient."

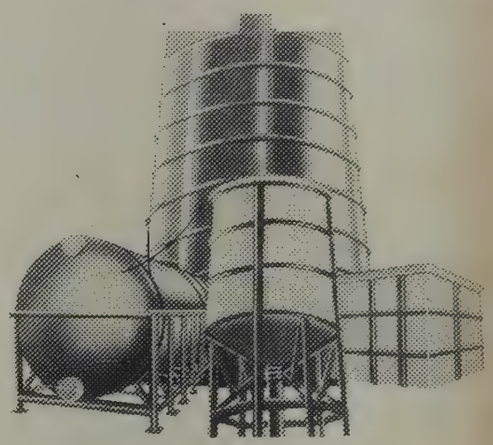
Nalco has also been in the forefront of India's export drive in alumina and aluminium. It has exported large quantities to countries like the US, the UK, France, Germany and Norway. Among the committed foreign buyers are Samsung of Korea (who pick up the metal for their electronic printed circuit boards) and the car giant Toyota of Japan. Toyota lifted 2,500 tonnes last year, and now Nalco has a running contract for supplying 200 tonnes every month. "Even after the fire at our plant (in March 1990, when metal worth Rs.100 crore was destroyed) Samsung preferred to wait for our good quality metal rather than buy from other producers, despite our advising them to do so," says Ramaratnam.

But Nalco's pioneering move in the area of exports has not gone down well with others. Complains the managing director of an aluminium extrusion unit, "I don't see the necessity of encouraging exports of the basic metal. For every 10,000 tonnes of aluminium exported, the country wastes 18 kWh of power. With this kind of electricity, 100 villages can be electrified or 2,400 tube wells operated for one year." In-



Hindalco plant in UP: location advantage

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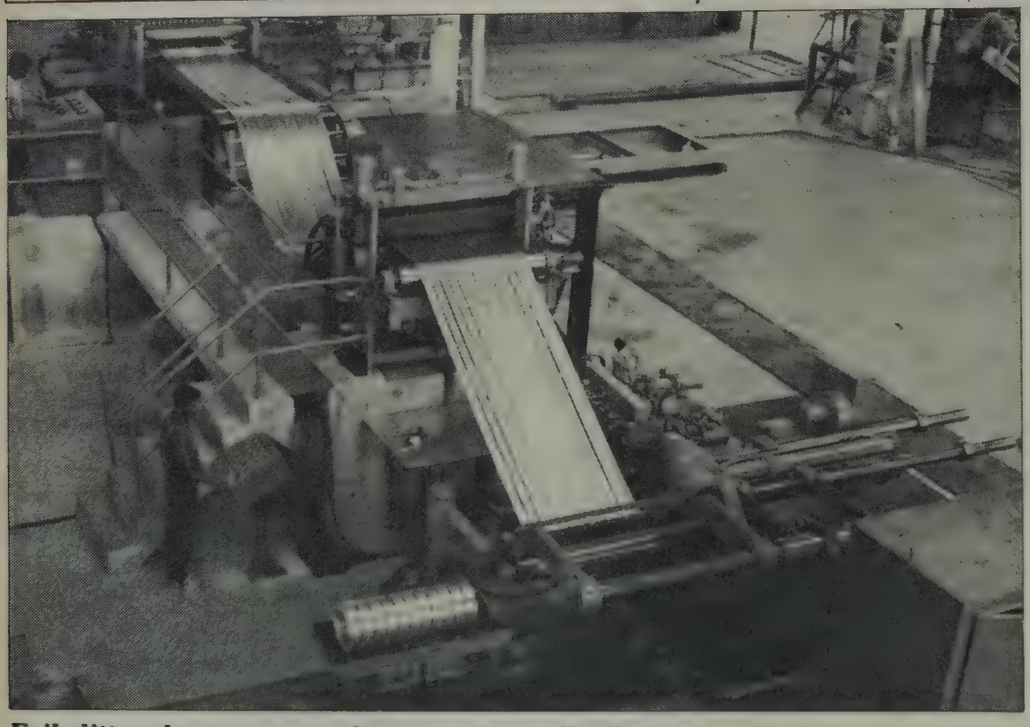
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Producers of 'white gold' in India

Company	Capacity (tonnes)	Plant site	Technology	Strengths	Weaknesses
Private Sector					
Indal	117,000	Hirakud (Orissa) Alupuram (Kerala) Belgaum (Karnataka)	Alcan (Canada)	Production of value-added products, a Rs.600-crore expansion and modernisation plan	Communication between Calcutta headquarters and various far-flung plants
Hindalco	150,000	Renukoot (Uttar Pradesh)	Kaiser (US)	Low depreciation costs, captive power	Old technology
Malco	25,000	Mettur (Tamil Nadu)	Monte Catteni (Italy)	Shift towards alumina production	BIFR case, crippling power problems
Public Sector					
Balco	100,000	Korba (Madhya Pradesh)	Vami (USSR)	High capacity utilisation	Labour problems
Nalco	218,000	Angul (Orissa)	Pechiney (France)	Energy-efficient technology, product registration on London Metal Exchange	High capital-related charges



Foil slitter: downstream units are not so well off

stead of aluminium, the government should encourage the exports of alumina of which India has abundant resources, he suggests, adding that Indal exported alumina profitably last year.

Even though Essar Gujarat and Larsen & Toubro also had applied to the government about a year back for setting up alumina EOUs, the proposals are still gathering dust in the industry ministry. According to another school of thought, the government should encourage the exports of value-added extruded products instead of aluminium ingots.

Critics of aluminium exports may have a point. For according to industry sources, Indian producers — who exported 25,000 tonnes of aluminium last year — will never be able to compete in the international market because they are not competitive enough. They face many obvious handicaps — high input costs; use of old technology; absence of any R & D efforts. Further, though labour costs seem low (taking up only 5 per cent of the total cost of production), productivity is also poor. Machinery costs too are very high, leading to a steep interest burden. Finally, with the exception of companies like Nalco, a major constraint for aluminium manufacturers in the country is the poor quality of the metal produced and the strict international standards they have to meet.

But for the time being at least, Indian producers may not be too keen to play in the overseas market and as a result, the department of mines' estimated level of 48,000 tonnes of exports are not likely to be met. Also, "When the domestic market is so attractive, why should anyone go in for exports?" asks a commerce ministry official.

With demand increasing in the domestic market, there are enough indications to suggest that the government will give the go-ahead for the three expansion proposals before it totalling 265,000 tonnes (Hindalco: 100,000 tonnes; Nalco: 115,000 tonnes; and Balco:50,000 tonnes). Once this happens, the total installed capacity will shoot up to 615,000 tonnes. But even that will be insufficient a few years down the road. For, the projected demand is 600,000 tonnes for 1995 and 900,000 tonnes for 2000. And for 2005, it is 1.2 million tonnes.

Each aluminium project takes about a decade to go on stream. But encouraged by the continuing boom and the projected demand-supply scenario, there is a great deal of activity among potential aluminium players. J.K. Industries is interested in setting up a greenfield project in Orissa. Hindalco and Indal are going in for downstream units. Cable manufacturer Sterlite Industries is going ahead with a Rs.50-crore aluminium sheet and foil project at Sanaswadi, Pune.

"The Indian aluminium industry took some time to take off but now that it has established itself, there is nothing which can hold it back," says Shorewala. "We have a huge growing population and there will always be a growing demand for the metal."

That, and a stabilisation of prices, should ensure more applications of aluminium. Once that happens, the 'white gold' would have truly earned its sobriquet.

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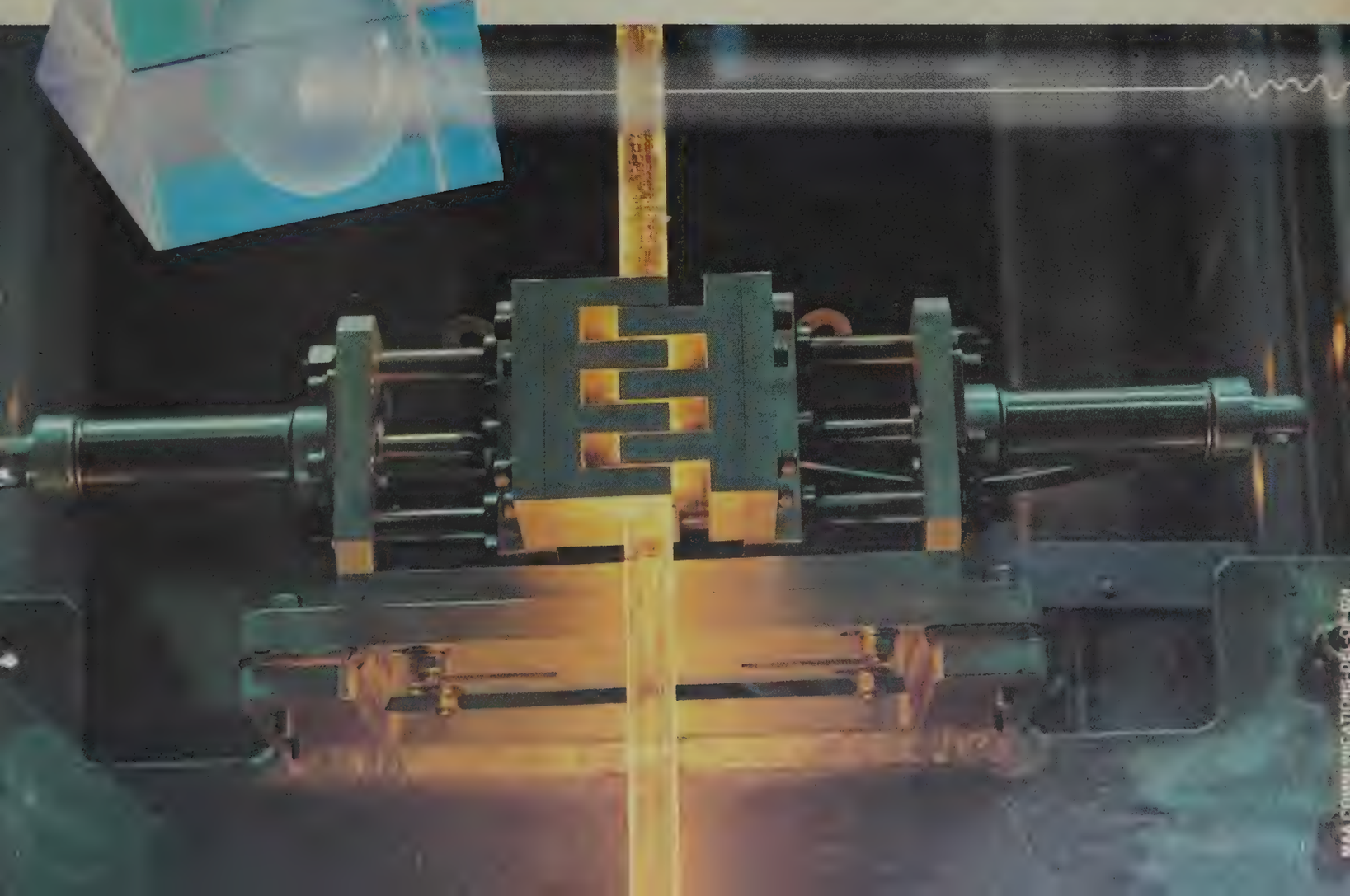
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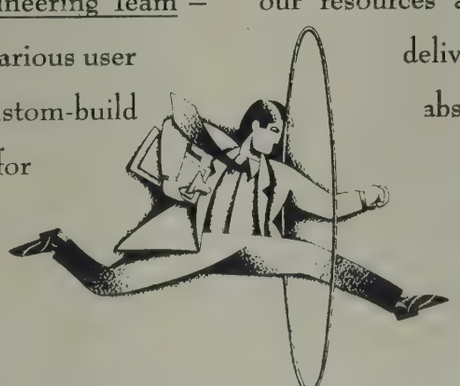
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Competition is the key



S.L RAO

Foreign investment in India has been low and, in the last year, declining. It did pick up in 1985 when India received foreign investments worth Rs.126 crore and soared to Rs.316 crore in 1989, but came down last year to Rs.127 crore. The average annual foreign investment over the last decade in China, Thailand, Malaysia and Indonesia was $1,217 million, $344 million, $976 million, and $334 million respectively. India has consistently not used the opportunity of substantial foreign funds for investment.

The arguments in favour of foreign investments as equity holdings are well known. They help reduce the balance of payments. The cost is low, return is not guaranteed, dividends are taxable and paid only when profits are earned. Thus there is a premium on performance.

Likelihood of a stranglehold

On the other hand, critics argue that foreign investment exposes the country to increasing foreign interference in domestic policies, and must therefore be limited to sectors that are considered unavoidable and essential. The crux of the argument against free foreign investment in the country appears to lie in the fear in the minds of policy makers, as also in the minds of many industrialists, of foreign competition. Are these fears valid any longer?

A quick look at a variety of market segments in India shows that markets dominated at one time by subsidiaries and associates of world leaders, have given up significant shares to local enterprises. Some examples among consumer goods are: Nirma vs Hindustan Lever in detergents; Balsara vs Colgate and others in toothpastes, deodorisers, etc; Rasna vs General Foods in the soft drink concentrates market; Raj Travels vs Thomas Cook in overseas group travels; Parle vs Pepsi; Hindustan Computers Ltd vs ICIL; and Hero vs BSA.

These small entrepreneurs who have battled and won appear to have something in common. They have understood the consumers and the market so well that they were able to identify neglected market opportunities. They were not bound by the rule book, written by the large companies with successful experiences in developed countries. They are wholly Indian and have the ingenuity to manage the maze of laws, rules and procedures as well as the persistence and the courage to overcome the many hurdles and constraints in their way. The Indian entrepreneur has shown his ability to compete with foreign investment. If constraints on Indian enterprises were reduced, they could be even more active and effective. And it is the small and new entrepreneur who has shown this ability.

The government in India has also, over the years, developed a good understanding of foreign investors and sees that they conform to the requirements of the country in which they invest.

Fiscal measures are always available to limit the dividends that foreign investors take out of the country. If foreign investors are able to transfer money by other means (such as the so-called administrative/service charges for purchases overseas, made centrally through the foreign headquarters at much higher prices; or exports at low prices to the overseas collaborators), these are not difficult to identify and prune.

Specious argument

Another argument is that foreign investment should not be allowed into what are considered low-technology areas. This argument is specious. Any product can be manufactured by many different technologies. Manufacturing industries in the country need to be competitive. Competitiveness, in an international sense, must result in lower costs and consistently good quality. This needs new processes, equipment and technologies.

Some recent surveys suggest that in a majority of industries, the gaps in developing newer technologies in India compared with those in many developed and developing countries range from five to well over 15 years. These gaps can never be bridged unless India is willing to either enter into expensive collaboration arrangements, or, as a lower priced alternative, allow foreign companies to operate in India with Indian partners.

Frontline technologies apply as much to articles of daily consumption as to industrial equipment and components. The consumer wants, and is willing to pay for, a high-quality product. He is not willing to accept shoddy products even if prices are low. The artificial distinction between such products needing new and modern technologies because they are "sophisticated" or "easy", is not in the interests of the consumer nor is it in the long-term interests of the economy.

India's policies regarding foreign investments must change because we must make our industry modern and competitive. With our balance of payments difficulties, we must accept foreign investment as equity. Apart from a core list of a few vital industries in which we must have purely Indian ownership, other industries must be open, but with Indian partners. Administrators must use information to ensure that investors — foreign and domestic — are good citizens of India. To be competitive overseas we must be competitive internally.

The author is director general, National Council of Applied Economic Research, New Delhi

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PRESSMAN

CALL MONEY RATES

RBI comes to the rescue

Foreign bankers approached March 1991 with a pile of cash and great hopes of making it big again this year in the inter-bank overnight (call) money market. The signs, as in March 1990, were good. There were the usual set of regional Indian banks who were chronic borrowers in the call money market, as confirmed by Ramesh Kumar, vice-president of Citibank. Thanks to the withdrawal of funds for advance tax payments, it was expected that they would be short of the funds needed to maintain the required reserve ratios with the Reserve Bank. Since corporations would also probably be selling units issued by the Unit Trust of India (UTI) in order to raise funds, the latter might also be a borrower from banks.

Last year, these factors had led the call money rate to cross 70 per cent in late March. The Unit Trust had then had to repurchase over Rs.600 crore of units as cash-rich companies like Bajaj Auto sold units in order to pay tax or to profit — though indirectly, via high return certificates of deposit — from the call money market. The really big profits went to the cash-rich banks — mainly the foreign banks — which had been able to lend at the high rates prevalent.

No real action

This year turned out to be quite different. Although the call money rate started promisingly for lenders when it rose to 28 per cent by mid-March, volumes were low. But the real action, which was expected towards the end of March, never occurred. Instead of rates rising further thereafter, they crashed, falling to 7 per cent by the end of the third week of March and recovering to only 12 per cent by the end of the fourth week. The fall continued into the new financial year. In the first week of April, rates have averaged below 5 per cent.

Meanwhile, the UTI which had had two runs on its money in the fiscal year 1989-90, came out a winner. Units issued by UTI under Unit Scheme 64 have historically played the role of a store of liquidity. Such units normally earn a yield of 11 per cent and the price of units is carefully adjusted every fortnight in accordance with this yield. Hence, when interest rates are low, there is good short term demand for units; when interest rates are high, there are heavy repurchases of units.

With call money rates so low, there was naturally a strong demand for units. According to market sources, there were net sales of over Rs.100 crore in March compared with a net redemption of Rs.500 crore last March. The low redemption was aided by the cash-rich corporations such as ONGC and Indian Oil holding on to their units because of low interest rates.

So who were the lenders this year? Several private and foreign banks indeed lost heavily as their carefully stored spare liquidity came to naught. Towards the end of March, they, too, were lining up for units. In fact, several banks with spare liquidity put everything into units and bill discounting and even borrowed money in the call market to do so. This year, besides foreign banks, regional banks like Punjab National Bank and the State Bank of Jammu and Kashmir were also lenders. This could be due to a slowdown in the economic activity in the northern states of Punjab and J&K, leading to a surplus of funds.

The national economic slowdown since last October did contribute to fall in demand for funds to meet advance tax payments, but the real reason was threefold.

The most important one was the willingness by the Reserve Bank to provide discretionary finance to banks. This is not normally provided at the year-end, but this time the RBI — in order to forestall the catastrophies of last year — agreed to extend discretionary finance upto 75 per cent of banks' limits. State Bank and the regional banks actively took advantage of this facility. This factor alone is estimated to have pumped an extra Rs.1,500 crore into the banking system in March. In addition, last year's rationalisation of penalties for being below statutory reserve limits also meant that banks were willing — unlike last year — to pay penalties rather than borrow at any cost to meet the required reserve ratios.

Golden opportunity

The second factor, as the general manager of a foreign bank pointed out, was that the Reserve Bank allowed foreign banks to bring in funds from their head offices on the same basis as FCNR (foreign currency non-resident) funds. Given that FCNR rates are 1 per cent above LIBOR (the benchmark London Inter-Bank Offer Rate), and that there is no tax deduction at source, it was a golden opportunity for foreign banks to make money for their head offices abroad. It is estimated that over $500 million of such money was remitted to India by a range of foreign banks, including Citibank, Societe Generale and Standard Chartered Bank. This influx of money, however, meant that there was an increased supply of about Rs.1,000 crore into money markets towards the end of March.

An analyst at a public sector bank further notes that a third significant factor was the combination of a declining stock-market and cash-heavy mutual funds. Of the Rs.3,000 crore raised by Canbank, Indian Bank and Bank of India last September, only about 30 per cent has been fully invested in equities to date; then there were the Elsies (equity linked savings schemes) of March 1991, which mopped up a further Rs.525 crore and Unit Trust's US 2000 scheme which collected Rs.250 crore this year. In the absence of a thriving stockmarket, the mutual funds have been reluctant to place their funds in shares and have had plenty of surplus funds to place in money markets. Hence, with every small rise in interest rates, there were large placements by the public sector mutual funds. An estimated Rs.2,000 crore was available for banks to borrow from these sources in March.

Discretionary finance... is estimated to have pumped Rs.1,500 crore into the banking system in March

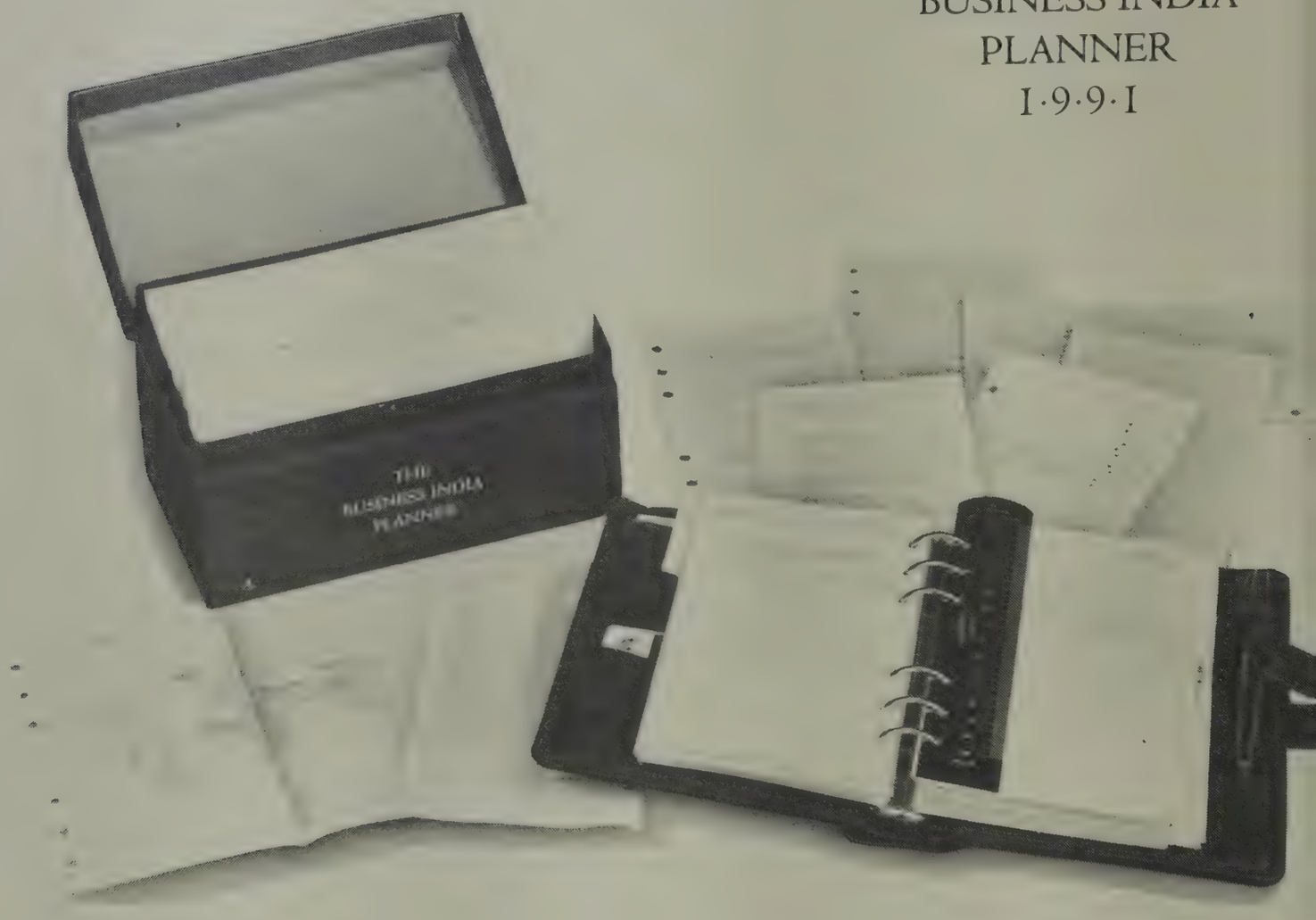
Not surprisingly, the large supply of funds effectively caused the call money market to crash in March. As of now, most analysts expect the market to remain quiet until August when agricultural demand will start picking up. The average rate for April has been below 5 per cent in the first week and the rate is expected to average no more than 12 per cent over the next three months.

Most public sector bankers are pleased, as are government planners. The real credit should probably go to the Reserve Bank whose willingness to liberalise its rules set the ball rolling the right way.

■ RAFIQ DOSSANI

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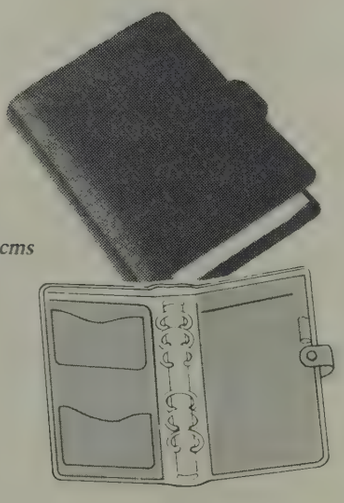
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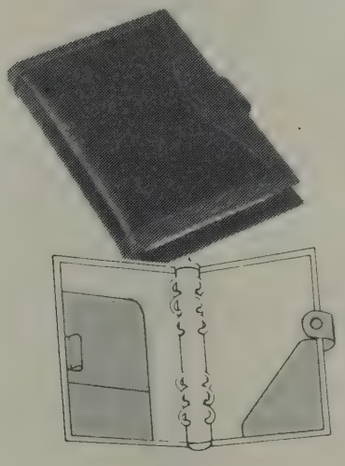
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FACTORING SERVICES

At the take-off stage

Early this month, the Reserve Bank of India (RBI) cleared proposals to start business by two newly set up factoring companies — State Bank's SBI Factors and Commercial Services Limited, and Canara Bank's Canbank Factors Limited. The proposals for the new service — "a step forward in financial liberalisation" — were prepared by the banks at the RBI's own prompting. The RBI also directed interested banks to offer factor services through separate subsidiaries.

The Kalyanasundaram Committee, appointed by the RBI, had, in 1989, recommended the introduction of factoring after examining the feasibility of the service here. The Banking Regulation Act, which governs banking business in India, was amended in July 1990 to allow banks to commence activity in the field.

The RBI demarcated field areas for banks which wished to start factoring subsidiaries. SBI was asked to take over the western region and Canara Bank the southern. Punjab National Bank is likely to take care of the north and Allahabad Bank the east. The SBI and Canara Bank subsidiaries are ready to take off with all the logistics in place *(see box)*, save the final okay from the government.



Dandekar: enthusiastic despite difficulties

Debt-collection service

Factoring is a debt-collection service where the factor — usually a financial institution — buys out a client's (supplier's) book debts (accounts receivables). At present, only a part of the receivables are financed, by banks and other financial institutions, through bill discounting. Full service factoring also involves the factor taking over the administration of a client's sales ledger, chasing debtors and evaluating credit risk.

Factoring has many similarities with bill discounting. Both make available to the supplier finances against invoices. Both discount (purchase at a price lower than the face value) invoices which the buyer would have otherwise paid to the supplier at the end of the credit period. It is here, however that the similarities end.

The discounted bills may be rediscounted several times before they mature for payment. The last holder of the bill receives the full amount of the bill. Debt purchased under factoring cannot be rediscounted, at least as of now. It can only be refinanced.

The factor buys the book debt of the client at a discount, normally 20 per cent, giving 80 per cent of the invoice value to the client. The factor pays back the discounted 20 per cent to the client when the latter's customer makes payment.

The commission and fees received in the course of providing his service is what the factor earns. These earnings are higher than the earnings from bill discounting. K. Mohanan, executive vice president, Canbank Financial Services Limited, estimates the earnings to be in the range of 2.5 to 3 per cent. With the discounting rate at a minimum of 16.5 per cent (bank rate), the minimum cost of factoring works out to about 19 per cent. The responsibility for collecting debts rests with the factor who must ensure that customers pay on time, unlike in bills finance.

The main benefits of factoring would accrue to the small sector where payments are often unduly delayed or held up in public-sector undertakings or government departments. Says a small entrepreneur, "Debtors of this category really harass us. We have to bear with them because if we push too hard, we may lose their orders." Now that a special agency will collect their dues for them, small units will neither have to face the problem of debts nor be victimised by their bigger customers.

Limits for factoring

Besides, the limits for factoring are fixed on the basis of the turnover figures of a concern and not on the basis of its current assets and current liability position. Unlike bills discounting, which is transaction-based, factoring is a continuous relationship between client and factor. M.N. Dandekar, chief executive, SBI Factors, says, "Once a client's factoring limit is sanctioned it is automatically re-

vised when the sales figures in his balance sheet move up. There is no need to apply afresh again and again." For this reason, factoring is often known as sales finance. Adds P.S. Iyengar, manager, business development, SBI Factors, "With the factor purchasing the book debts of the client, these debts no longer remain on the current assets side of the balance sheet. Factoring thus becomes an off-balance sheet means of financing. The client can utilise the money so received to reduce his current liability. The improved cash flow means an improved current ratio." Iyengar is confident that these advantages will more than offset the high costs of factoring.

B. Ratnakar, chairman, Fairgrowth Financial Services Limited, thinks "having specialised agencies for debt collection will significantly improve payment culture." Dandekar concurs, "Having dealt with a debtor once, we will know the systems followed by them. This will give us an advantage in follow-up. We will know whom to approach, thus expediting debt repayment.

To be able to do this effectively, though, factors will need information on clients and their customers and credit risk evaluation skills. While computers will help the two banking subsidiaries keep their structures lean to ensure commercial viability, the computerised database will also enable them advise clients on whom to sell to and in tight follow-up.

Banks clearly have an advantage here with their wide network of branches. Says Dandekar, "If necessary, branch managers can follow up with customers". By demarcating areas of operation for each subsidiary, the RBI has, however, restricted their ability to recover debts. "What if the customer is based in Calcutta and the factor in Bombay?" asks a borrower. Although the subsidiaries have not worked out a strategy in such cases, the obvious way out would be either to swap business among themselves or have co-promoters banks in different regions so that their branches could be utilised for the debt-collection service.

Clash of interest

There is a chance, though, that a clash of interest could arise between the factor company and the co-promoter, both being banks. A senior official of a co-promoter bank, however, thinks this is unlikely. "The risk of the promoter bank appropriating the co-promoter bank's business through its factor subsidiary is minimal. This is because the demand for credit is much higher than its supply." The two new factor companies are ready to utilise the services of specialised agencies for debt collection such as those of a few ex-bankers or ex-truck operators who help finance companies recover possession of assets.

Despite the advantages, however the factors may not find it too easy marketing their services. Says Dandekar, "People are accustomed to use their sales force for to collect debts. They might be reluctant to using a specialised agency, that too for a cost." And though nationalised banks may not indulge in profiteering, a minimum break-even amount and a marginal return on capital would be necessary. "We must have a strong reserves base to withstand any possible loan losses," says Dandekar.

The main obstacle in the way of smooth factoring, though, will be the legal framework. For instance, assignment of debt is permitted only if it is agreed upon in advance. In the absence of this, the factor will have to collect debts as an agent of the client. This could be a stumbling block when recourse to legal means need to be taken to ensure recovery. "We will make clients affix a stamp on the invoices regarding an 'irrevocable arrangement of assignment of debt'." Again, as stamp duty have not been waived, the costs to the client will go up to that extent. But as a deed on stamped paper will be required only if it has to be enforced in a court of law, factors can make do with a mere assignment undertaking from clients.

At present, the factor companies will not service export bills. Says an official of a co-promoter bank, "As export credit is concessional, it is not possible for commercial organisations to take up export factoring." He indicates, however, that the Export Credit and Guarantee Corporation may take up export factoring.

Another difficulty in selling factor services is that, as of now, factors return to the client on failure to recover the client's debt. Says a senior banker, "This reduces factoring only to an enhancement in credit limits to the client, which could have been done through banks without much ado."

Useful to entrepreneurs

Nevertheless, factoring does ease the cash flow of the client and is useful especially to the small entrepreneur. "The point is," says an observer, "in a developing financial market, having newer products that suit specific needs of different sectors are welcome."

Despite these difficulties, both SBI and Canara Bank are enthusiastic about the business. Says Dandekar, "Clients have already started approaching us." Canbank hopes to do Rs.40 to Rs.50 crore worth of business on a capital base of Rs.10 crore in the first year itself. According to one study, the potential demand for bill finance (outstanding at any one time) was about Rs.14,000 crore as of March 1990. This includes business in fresh receivables finance worth more than Rs.3,600 crore.

Though, at present factoring may seem to be a spin-off from the banking business, it is likely to take over the entire sales finance activity from banks in the future, leaving banks only inventory and asset related finances, as is the case in the developed world. Says a banker, "All we need now is a rating agency to evaluate companies on the basis of their payment performance."

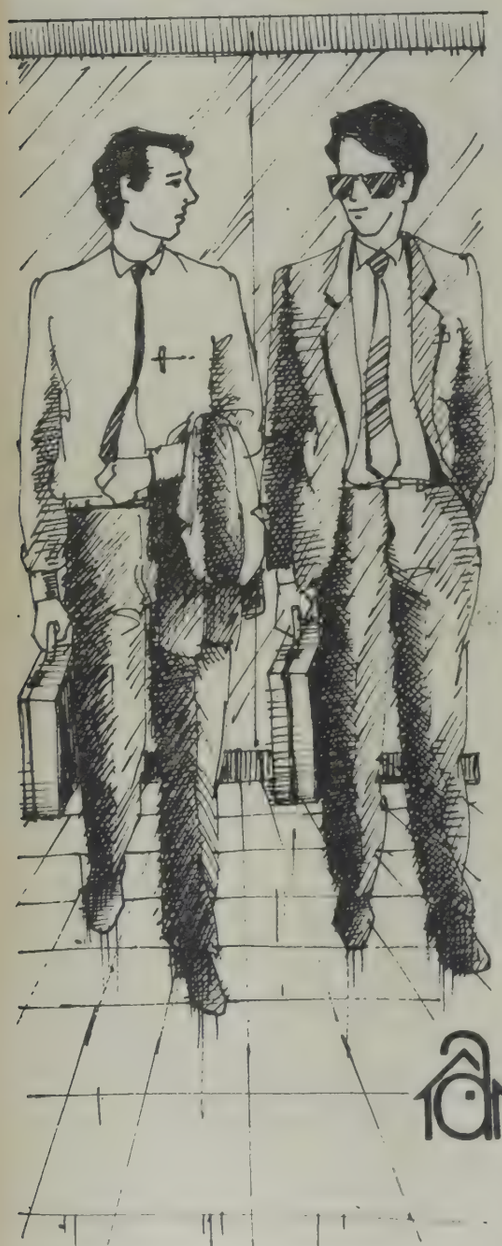
■ ALPANA KILLAWALA

Profile of SBI Factors and Canbank Factors

	SBI Factors	Canbak Factors
Chief promoter with financial stake	State Bank of India	Canara Bank
Other participants & their stakes	SIDBI, Union Bank SB, of Saurashtra & SB of Indore	Andhra Bank SIDBI
Authorised capital	Rs.25 crore	Rs.25 crore
Initial capital	Rs.25 crore	Rs.10 crore
Services offered	Debt collection & ledger maintenance	Debt collection, to begin with
Area of operation	Western region including, Maharashtra, Gujarat, Goa, M.P.	Southern region
Chief executive	M.N. Dandekar	To be nominated

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CONSULTANTS

The brave new breed

The term 'marketing consultant' is no longer synonymous with retired executives who are re-hired by the same company. These days, marketing consultants could be quite a different breed altogether. Young and savvy, they prefer to leave the security of their jobs well before retirement, to branch out independently. The marketing hot shops that they set up are much in demand today. They can be called upon to work on a short-term basis, achieve a set marketing target, or work over a longer period to give the organisation's marketing strategy a total overhaul.

What makes these consultants such sought-after commodities is the fact that, with their years of experience, they are clued in on the market's pulse. Krishan Goswami, who was with Hindustan Lever's marketing division and later with advertising agency Lintas India as a marketing director, now runs a consumer marketing consultancy outfit called Market Accelerators. "There is no town with a population of over 20,000 that I have not visited. I've also been to villages in every state in India," he says.

Experience helps

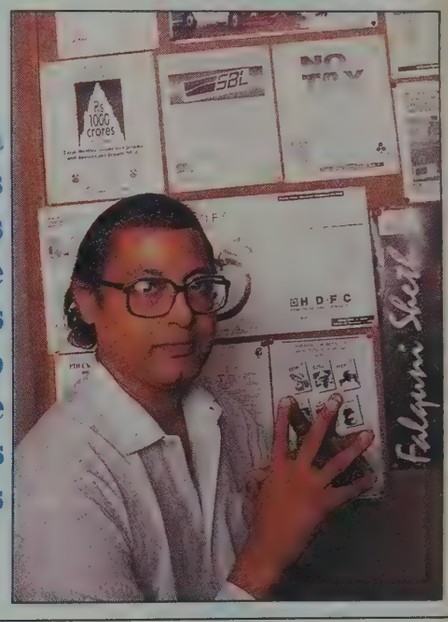
Brinston Miranda, who has worked for 20 years with several advertising agencies, is today a consultant for a clutch of agencies like Trikaya Grey, Hindustan Thompson Associates, Ratan Batra Associates and Adroit. Miranda acknowledges that his "experience in dealing with over 250 products certainly helps when it comes to judging the market and its trends".

Indeed, faced with a market that is getting more competitive and customer-driven, companies on their own find themselves struggling to keep pace with the increased tempo. Even those organisations that have a full-fledged marketing department and sales team have begun to call in the consultant. They have a good reason: with immediate and routine targets to meet, the in-house marketing staff seldom has the time to plan for the future. Walter Vieira of Marketing Advisory Services, who once worked as marketing controller for Boots and has been operating independently for the last 16 years, feels that consultants help "when the company needs a fresh idea or someone with a new vision".

While they can be viewed either as 'job snatchers' or 'fault finders' by a company's in-house marketing department, the consultants may not quite conform to this picture. M.K. Chouhan, founder director, Management & International Marketing Services (MIMS), says the consultant's is a complementary role. As an outsider, his objectivity can only serve to supplement the effort of the in-house marketing department.

But Raja Smarta of Interlinks, who holds a doctorate in pharmaceutical marketing and has worked with multinational corporations like Roche, Parke-Davis and Wockhardt over the last 23 years, assesses the situation differently. He feels the consultant can at times be called upon to play trouble shooter and problem solver too. Smarta himself has performed such a task on more than one occasion. He cites the case of a pharmaceutical company whose expensive incentive schemes for their sales representatives failed to yield positive results. Smarta repackaged it more attractively. "This helped in motivating the field staff to promote the product more effectively," he says.

With his pharmaceutical background, Smarta chooses to specialise by focusing on the industry he is most familiar with. His clients include companies like Alembic, Glaxo and Sandoz.



Miranda acknowledges that his experience certainly helps when it comes to judging the market and its trends



Goswami is involved with "all aspects of consumer marketing" including new products as well as new markets

Consumer marketing

Similarly, Goswami too has his speciality — he's involved with "all aspects of consumer marketing". That includes new products as well as new markets. In the case of Ion Exchange's Zero-B water purifier, Goswami got into the act at the launch stage. The company was seeking to diversify from an industrial product organisation to a consumer product one. Working from the conceptualisation of the product, he developed with them a water purifier for the tap and the cooler as well as a handy carry pack. Says Vieira, "While diversifying, a company's lack of experience or exposure to the new field makes a consultant's advice invaluable for settling into a profitable market."

Another area that consultants provide their expert knowledge on is market expansion. Goswami helped in widening the

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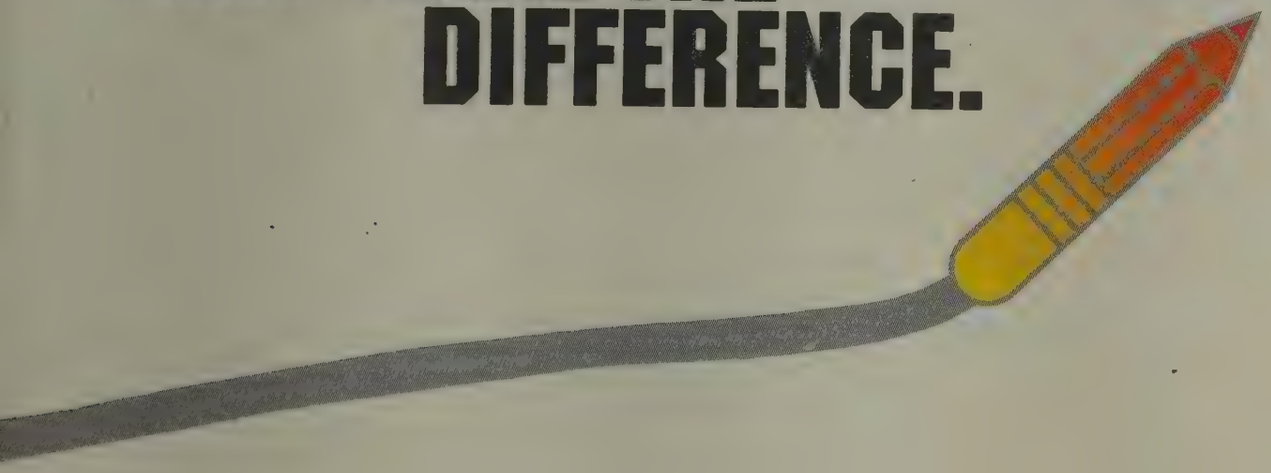
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Smarta feels the consultant can at times be called upon to play trouble shooter and problem solver too

distribution network for Hawkins pressure cookers. Smarta has worked on a similar assignment for Vicks Vaporub drops and is currently involved in doing the same for Wipro's baby care products.

In smaller organisations, the consultant has a bigger role to play. "Often the managing director is a technocrat, who has no inkling of the market nor the capabilities for extensive research," points out Vieira. A consultant then steps in and provides the necessary support. A new opportunity opening up, according to him, is project consultancy for NRI investors. Vieira himself has worked on several NRI projects, undertaking the entire planning and liaison work.

Experience alone, however, is not enough qualification for a consultant. "A strong entrepreneurial spirit," says Smarta, "is also needed." Smarta has helped in setting up Alintosch, an allopathic firm for Baidyanath, the ayurvedic medicine manufacturer. In the case of project implementation, the involvement of the entire company, and not just the marketing division, has to be procured. For this, the consultant conducts training programmes for the personnel who will eventually handle the product marketing. This could mean selecting new people for the job or shuffling around the staff to utilise their abilities to the maximum.

Project implementation is a long drawn process usually taking over a year to see through. Seeing it firmly entrenched in the market is the responsibility of the consultant who is accountable to the company for its performance there. As a result, most consultants are wary of taking on a project unless they are convinced of its market feasibility. Both Vieira and Goswami scrutinise such proposals carefully before accepting them.

For all they do, consultants are paid a handsome fee. And in some cases, they succeed in negotiating more lucrative terms into their contract. So, it's both pecuniary and professional satisfaction that keeps market consultants going. And growing.

■ VIDYA SRINIVAS

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Truly a man of the world
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Skybags' dependable zip, and
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You believe in
subtle yet strong
bonds that stand the
test of time. You
secretly admire
the unyielding
stitching that
fortifies every item
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You can't resist picking
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Madras inches forward

There was promise aplenty. That's why the top agencies promptly made tracks for Madras, to include the southern city in their branch network. But judging by current trends, Madras has not lived up to their business expectations. For example, these days the most exciting event is the city-based commercial vehicle manufacturer Ashok Leyland's (AL) forthcoming Rs. 260 crore rights issue. At last count, 10 agencies were knocking at AL's door, armed with their presentations.

Similarly, for the forthcoming Rs.1.8 crore issue of Devaki Hospitals, six agencies are preparing to make a pitch. When questioned, AL executives shrug their shoulders and say they haven't crystallised their thoughts as yet. They can well afford to take their time to choose. As is obvious, there are too many agencies chasing too little business.



Chaudhuri: "dynamic movement forward"

Indeed, although the number of public issues from Madras has been growing, it still lags behind Bombay and Delhi. According to figures compiled by R.K. Swamy BBDO, between April 1990 and February 1991, Bombay accounted for 34 per cent of the issues, Delhi 32 per cent and Madras 16 per cent. Two other southern cities, Hyderabad and Bangalore, have a 10 per cent share each. The value of the issues floated in the south is also much lower than the funds being raised in the other two metro cities; which only means that publicity budgets are smaller too.

Frustrating business

"Thus the scramble for business in the south is understandable but it can also be quite frustrating at times," says Prem Parekh of Sobhagya, a Bombay-based agency specialising in financial issues. One of the few successful agencies handling financial advertising is Madras-based TnQ Communications. Mariam Chandy, who runs this small agency, handled the Best & Crompton's zero-bond issue, and is also pitching for the Ashok Leyland one. She too says that "the Madras market is slow. There is not enough business to support an entire agency infrastructure".

If there is a scarcity of financial advertising, the general advertising scene is not booming either. Historically, Madras has always had a smaller share of the national business. Most agencies place the figure at around 10 per cent. Explains Srinivasan K. Swamy, director, R.K. Swamy, Madras, "The hard-core business of Madras is really industry-related and, traditionally, advertisers have never been big spenders. This situation has certainly not changed in recent times." Mohan Menon, the Madras-based vice-president of Ogilvy and Mather, states it even more forcefully: "The large engineering sector is still in the Dark Ages when it comes to their outlook on advertising. The only light at the end of the tunnel is the small entrepreneur who is emerging as the new breed of advertiser."

The contrast between Madras and Bombay is best illustrated by R.K. Swamy's billings. The agency, which is based in Madras and is nearly 20 years old, has a turnover of Rs.9 crore. Meanwhile, its Bombay office which became fully functional only in 1986 has billings of Rs.12 crore! Clients like Hawkins, LIC Mutual Funds and GIC in Bombay spend around Rs.3 crore on advertising. But the budgets of Swamy's Madras clients barely cross Rs.1 crore.

Nevertheless, senior agency executives are still optimistic and feel that Madras is a market worth hanging on too. Swamy feels that business here is growing steadily, although not by leaps and bounds as in Bombay. Rita Choudhuri, senior vice-president and general manager, Hindustan Thompson Associates (HTA), Madras, points out: "There has been a dynamic movement forward in the last three years. Our traditional clients like Ponds, Parry's and Parryware, are spending more." They are likely to continue to do so to meet the challenges of the nineties.



Swamy: business is growing steadily

Prakash Idnani, general manager, Everest Advertising at the Madras office, agrees. "Industrial houses like the Elgi group in towns like Coimbatore are becoming very receptive to advertising." Everest opened its Madras office in 1988 and already has billings of Rs.1.5 crore.

Another promising area is consumer durables. The present slump notwithstanding, TV manufacturers like Dyanora and Solidaire have emerged as high profile spenders. Groups like Gangadharan Appliances (the makers of the Butterfly brand of goods) are keen on having a national presence. Their ad budgets now exceed Rs.1 crore. Minnie Menon, account director, Artig Advertising, says that such 'high' budgets can lead to the absurd situation of an account being sliced several ways and shared between half a dozen agencies. Currently, Menon says, regional advertisers have cut back. "So it's a real jungle out here," she adds.

The signs are there that in the nineties Madras might shed its conservative image once and for all. The shifting of Citibank's credit card division from Bombay to Madras as well as other new developments will aid the transformation. Therefore, for agencies like HTA, which has been around for 35 years and has a well-established infrastructure to draw upon, staying on should finally pay off quite handsomely.

■ SUSHILA RAVINDRANATH

ASHOK LEYLAND

The right connections

Six months ago, Madras-based Ashok Leyland (AL) executed the first of its many export orders to Iran. The $5 million (Rs.8.5 crore) order fell in the "non-company" category — the Hinduja-controlled automobile giant exported textiles. This was followed by a $3 million (Rs.5.1 crore) order for leather products.

And now comes the winner — a $12.9 million (Rs.24.5 crore) order for 3,000 diesel engines (to be used for agricultural purposes). An accompanying order is for the supply of $1.3 million (Rs.2.4 crore) worth of spare parts. For AL, it certainly pays to have the right connections. "These orders are the result of the Hindujas' business contacts in Iran," acknowledges R. Jagannath, executive director, projects, of the company. AL is undeterred by currency fluctuations since the payment will be in dollars, which is steadily appreciating in value.

Not that anybody is complaining. "You do need a lot of contacts for exports," says a senior executive in Telco's exports department. "We too operate on the same basis. The Tata group is a well known and respected name. So it helps."

Fillip to the programme

The Iranian orders have given a fillip to AL's export programme. "Our aim is to achieve the status of a star trading house from the present export house position," explains Jagannath. Once that happens, AL will be entitled to a variety of incentives like free import of some restricted items, certain capital goods and office machines. The company seems to be on the right track. Export turnover doubled to Rs.39 crore during 1990-91, from Rs.17.64 crore (annualised) in 1989-90. And it is no longer just buses and trucks which are bringing in the dollars. Export of non-company products like textiles, leather and engineering goods is also playing an important role.

Having got into the export of commercial vehicles, the company discovered the potential for exporting a variety of goods about four years ago. In 1990-91, export of vehicles and parts brought in Rs.28 crore (1989-90: Rs.15.85 crore) while non-company products totalled Rs.11 crore (Rs.1.79 crore). "Exports of non-company products will double by 1991-92," predicts Jagannath. AL is therefore stengthening its infrastructure. Non-company exports is handled from a special division in Madras and a newly-opened office in Bombay. A similar office is likely to be set up in Delhi soon. And there are plans for representative offices in Europe and Kuwait to handle samples and orders.

Of the Rs.28 crore company exports, Rs.4 crore consisted of spare parts. These were sent to 12 countries including Sri Lanka, Tanzania, Mauritius, Oman and Nepal. Of the non-company exports of Rs.11 crore, Rs.8.5 crore came from the supply of textiles to Iran, tyres to Bangladesh and aluminium sheets to Sri Lanka.

AL is sourcing its supplies from smaller companies. With its finanical strength, AL can be counted upon to provide working capital, if required, on an order to order basis. Thus, it has teamed up with Pune-based Modern International Ltd for supplying textiles to European markets. For leather, AL contracted with a Kanpur-based company for the supply of shoes to Iran. Kerala Automobiles and AL will jointly provide 3-wheelers to Bangladesh. All orders will be shipped in AL's name.



School buses too bring in the dollar

Also waiting to be tapped is the international commercial vehicle market which is 3.2 million units strong. Progress has been steady in the export of commercial vehicles, AL's main product. "The aim is to grow at the rate of 10 per cent in this segment," says Jagannath. Fortunately, AL's traditional markets — in neighbouring countries — are perking up. In Sri Lanka, for example, sales had been linked to the political situation, and according to AL sources, "Business has improved after the IPKF withdrawal." Exports to that country is now in the region of Rs.9 crore — an improvement of 60 per cent after the withdrawal.

AL has also made a breakthrough in the Philippines, largely due to its Iveco connection, and is shipping out a trial order for 20 bus chassis worth $300,000 (Rs.57 lakh). (Iveco is the second largest manufacturer of commercial vehicles and diesel engines in Europe and along with the Hindujas, is the largest shareholder in AL, both of them jointly holding 39 per cent of the equity). Tanzania is another new market, where AL has clinched a deal for 150 bus chassis.

However it still trails behind its competitor, Telco, which notched up an export turnover of Rs.99 crore for 1989-90. While Telco, with exports of 4,000 vehicles a year, has grabbed a 65 per cent share of the Indian export market, AL with 500 exported units to its credit, trails way behind with a 25 per cent market share. "The reasons are historical. AL entered the export market for trucks and buses only in 1975, while Telco ventured out in the late sixties," explains Jagannath.

However, while AL concentrated only on exporting to neighbouring countries, Telco had set its sights further afield. But now that AL is working on a much broader canvas, does the Tata giant feel threatened? "Not really. They will not cut into our export market," says the Telco executive quoted earlier. "We have a much wider product range extending from 4 tonne GVW (gross vehicle weight) to 14 GVW. So a customer who buys a low GVW vehicle from us will continue to buy from us when he shifts to a higher GVW vehicle. But Ashok Leyland exports mainly vehicles weighing around 9 GVW. Also, we export special vehicles like step ladders used at airports and for fire fighting. They have no presence whatsoever in this particular market segment." Maybe true. But for the first time AL, like Telco, does have the right connections.

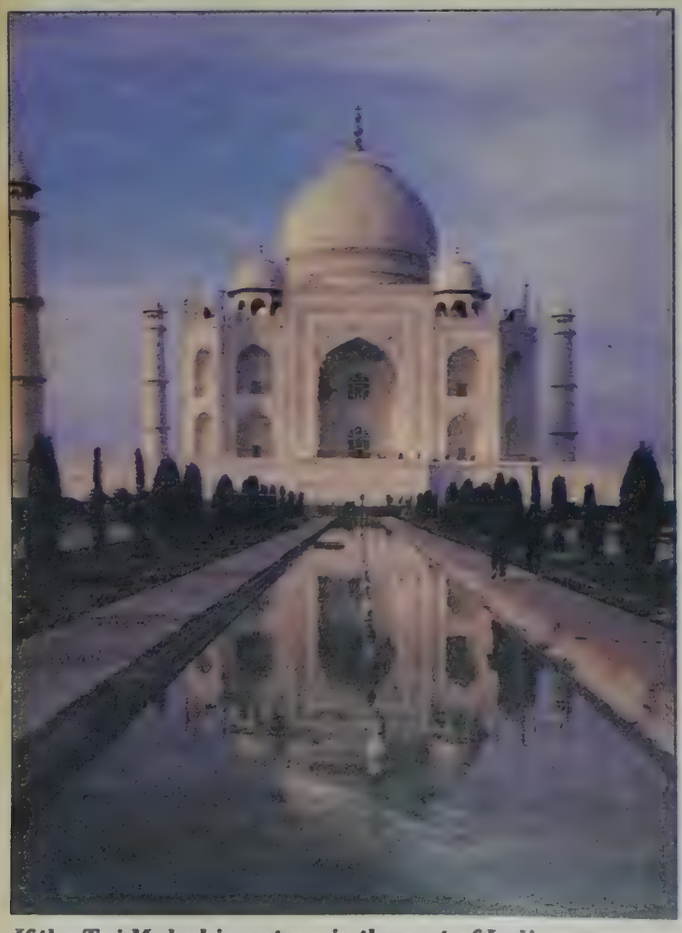
■ DHARANI K. PANI

VISIT INDIA YEAR

Sabotaged by circumstances

"We have been preparing for your visit for 2,000 years," said the advertisement campaign. Three months into the crucial Visit India Year-1991, all that preparation seems to have been wasted. Tourist arrivals have registered a negative growth, tourist destinations have never looked gloomier and hotels are vainly trying to hide empty rooms.

The bleak prospect for this year follows a dismal showing in 1990 when, for the first time since 1983 (the post-Asiad year), tourist arrivals to India actually declined. Against a target of 1.44 million, the number of tourist arrivals was 1.32 million. And this despite a fantastic take-off — the first three months registered a 14 per cent rate of growth. "Blame Mandal, Ayodhya, the Gulf war and our political instability" appears to be the common refrain amongst tour operators, hoteliers and bureaucrats alike. Add to this the American government's advice to US citizens against visiting India and the picture is complete. "The last one year has been very damaging," admits K.B. Kachru, senior vice-president of the hotels division of Indian Tourism Development Corporation (ITDC). "So much so," agrees director general, tourism and acting chairman of ITDC, Yogesh Chandra, "that we were asked to put off the Visit India Year. But we decided to face it as the year of challenge."



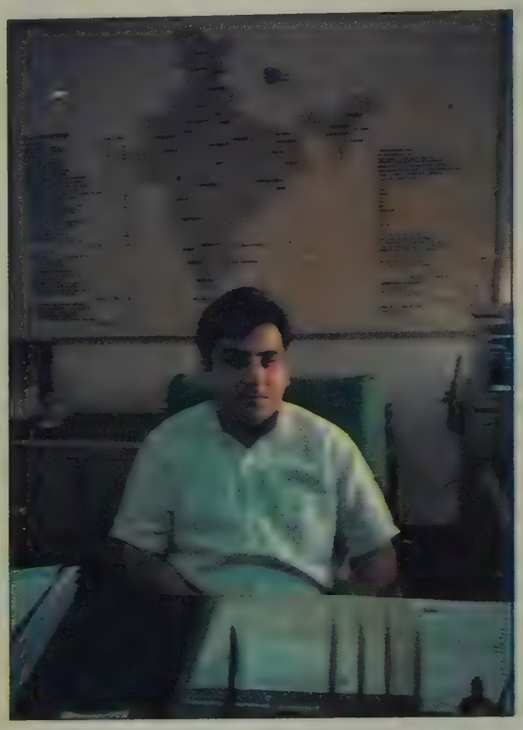
If the Taj Mahal is out, so is the rest of India

Virtually no visitors

For the industry, the woes began in April last year. The summer months — until September — are the relatively 'lean' period, but still account for 40 to 45 per cent of the annual traffic — usually, that is. Last year, however, this dropped to 30 per cent, the major cause being trouble in the Kashmir Valley. The picturesque destination, normally serviced by five Indian Airlines flights a day and over 2,000 rooms in hotels and houseboats, had virtually no foreign tourists.

To cite an example, tour operator Sita World Travel, which sent 4,400 tourists in 1989 to Kashmir, could send just 153 in 1990. Says the company's joint managing director, Avinash Anand, "More than 70 per cent of the summer tourists traditionally visit Kashmir. Unless we develop and provide an alternative to Kashmir, it will be difficult to revive the summer traffic, either this year or in the years to come."

Some tourists were diverted to Shimla and Kulu, but these hill stations compare poorly with Kashmir in infrastructure. Says Anand, "We took a group of 55 to Shimla but there is not even a single hotel there with 55 rooms. So we had to put them up at two hotels 10 km apart. This is certainly no alternative to Kashmir, which has more than 1,000 rooms in houseboats alone." Also, the airports at these hill stations are meant for small aircraft and cannot cope with increased load. In contrast, Srinagar airport serviced three airbuses a day.



Kachru: "Our rooms are perishable"

While the summer last year was lost in this manner, the ensuing 'peak' season beginning October, followed suit, but for other reasons. The month-long *rath yatra* and the fall of the V.P. Singh government were severe dampeners to business visitors to the country. Conferences and seminars, which normally keep the hotels' banquet halls choked full up in winter, were cancelled *en masse*. And as if this was not enough, the US state department issued its 'advisory' asking its citizens not to visit India, and, worse still, for those already in this country, to 'consider leaving the country'.

Blown out of proportion

Most in the industry are moaning that the US has 'over-reacted'. Says Kachru, "The overseas media blew things out of proportion." Echoes Anand, "The foreign press is looking for this sort of thing to highlight." Adds D.S. Chavda, area director, northern region, of the Taj Group of Hotels, "The point they have missed is that trouble, if at all, in one region leaves the rest unaffected. Would you cancel your visit to London if there is trouble in Stockholm? That is approximately the distance between Delhi and Madras."

Grumbled a tour operator, "The Americans' general ignorance of Asian geography was also evident when Khomeini returned to Iran. There were mass can-

cellations to Delhi by Americans because they thought Teheran was near Delhi."

Of course, the US, being a major source of tourist revenue the world over, has come in for criticism from virtually all continents. Even the British, whose tourism industry is also hit, are making snide remarks that while the US army was engaged in a fierce battle in the Gulf, its citizens were scared of imaginary terrorists in Europe. But Indian tour operators complain that our government did little in terms of diplomacy to alleviate the blow to tourism. While Thailand, which too was hit by a US 'advisory', came out with a prompt statement in the Washington media that things were safe on its soil, the Indian Embassy failed to act.

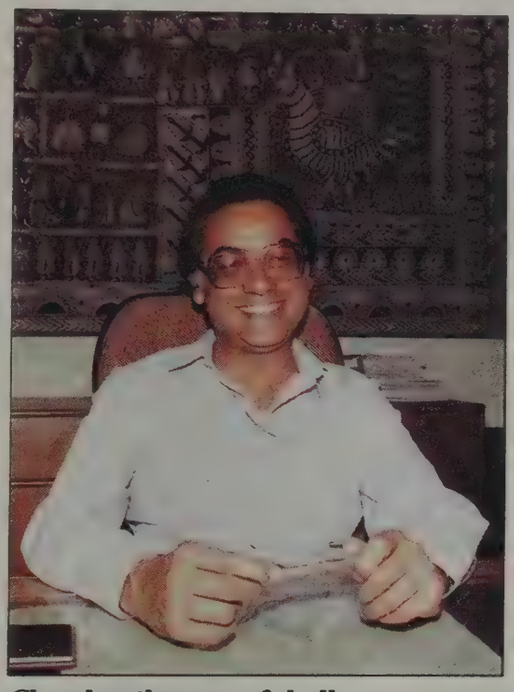
So ended the year 1990, but the already battered tourism industry had no better luck when the sun dawned on 1 January of the Visit India Year-1991. Despite it being the midst of the 'peak' season, hotels opened with one-third to half of their rooms empty, when they normally should have been saying, "sorry sir, we have no room". And in mid-January, when US missiles left their shelters to bury Baghdad under rubble, they also left an indelible mark on profitability figures of Indian hotels.

Cancellations galore

The already depleted tourist arrival dropped by another 35 per cent. The Soviet Union, which sends some 15,000 visitors a year, announced cancellations for the second consecutive year. The number of overseas tourists visiting Jaipur and Agra fell by 50 per cent, at Khajuraho by 75 per cent and in Goa by 60 per cent. ITDC had 1,000 rooms empty in Delhi alone, despite discounts. Its Ashok Hotel, which had 200 rooms booked for conferences in January, saw 170 cancellations. And in the month of February, ITDC's restaurant billings were down by Rs.40 lakh. Says Kachru, "We were forced to freeze recruitments from January onwards."

Private hotels did as badly. Bombay's Leela Kempinski, which had 99 per cent occupancy in the first fortnight of February last year, had a mere 44 per cent full in the same period this year. The Taj Palace in Delhi, which barely managed 52 per cent occupancy in March, had only 35 per cent of its rooms full in the first week of April. Says Chavda of the Taj Group, "Profitability has been adversely hit. Our expansion plans will now be delayed." Adds Anil Madhok, vice-president at East India Hotels (the Oberoi chain), "Occupancies dipped really low during the war. Even now, it is 20 per cent below normal."

This difference will increase when the 'lean' summer begins and most hotels start gearing up to attract the local tourist. The public sector ITDC is trying to push up volume by offering huge discounts. It has introduced seven new packages, many of which offer 5-star rooms for just Rs.160. This, in its honeymoon package, works out to Rs.80 per head, and in the students' package (four to a room), to just Rs.40 per head. Accompanying this is discounted rates for meals too. Says



Chandra: the year of challenge

Kachru, "Our rooms are perishable, if they are not used today, they are lost forever."

One region that has escaped relatively unscathed is the south. There were not as many cancellations from tourists who had planned destinations directly to places in southern India. But these, unfortunately, are not many. A study done in 1989 showed that 70 per cent of the tourists have Agra's Taj Mahal on their itinerary. And since the north was hit badly (and with the US advisory specifically mentioning Agra, among other places), the overall tourism picture remains grim.

Next 'peak' ruined too

Since most overseas travel plans are made eight to 12 months in advance, the industry here is not very hopeful of gaining much ground in the coming peak season beginning October. And while Britain has withdrawn its 'advisory', the US, after withdrawing it briefly in March, has reintroduced its warning. Says R.C. Gupta, general manager of Ashok Hotel, "We cannot salvage anything this year. Now is the time to concentrate on building infrastructure in the hope that things will improve from 1993."

The Union tourism ministry is planning just that. "We intend to use this time to give a thrust to development of new routes and destinations," says Yogesh Chandra, of the ITDC. Grants to state governments have been doubled this year, and the ministry plans to spend Rs.175 crore to develop a new 'Buddhist Circuit'. This will be in UP and Bihar linking Bodhgaya, Sarnath, Patna, Nalanda and Vaishali. Plans are also afoot to start new tourist trains (like the Palace-on-Wheels in Rajasthan) in UP, West Bengal-Orissa and in Goa-Karnataka. Further, the government is planning to develop Udaipur as a water sports attraction, and to promote sites in southern India as independent tourism destinations.

The Gulf war depressed travel worldwide, as evidenced in British Airway's publicity gimmick of carrying 50,000 passengers free to London from all over the world. Tour operators here are hoping that the Indian government will undertake some such publicity stunt to attract people to India. "What we need now is a re-assurance campaign," says Anand of Sita Travels. Adds Madhok of Oberoi, "We are getting as aggressive as we can, but it's difficult to bring people to a country they don't want to come to."

However bad (or sad) the outcome may be of the Visit India Year, there is near unanimity in the industry that it was a step in the right direction. They point out that India being a long-haul destination (unlike European nations), it needs such a promotional campaign to push its tourist arrivals up from the present figure of 1.3 million.

But the disappointment for the industry is more because their expectations based on the Malaysian experience, were higher. The Visit Malaysia Year in 1990 turned out to be a stupendous success, thus rendering redundant its image as 'the world's best-kept secret'. Even the optimistic tourist arrival target of 4.2 million was achieved in eight months itself, elevating that country's tourism industry's status from the seventh to the fifth largest foreign exchange earner. But, as a travel agent in New Delhi comments, "They didn't have Mandal and *Mandir* and a caretaker government."

■ R.S. VENKATESH

AIR-TAXIS

Getting off the ground

The Indian skies might never be the same again. A large number of aircraft of the likes ranging from Beechcrafts to Boeing 737s, from Dorniers to TU 154s, from British Aerospace HS-125 to the 720 series of Boeing 707s are suddenly crowding the country's airspace, flying flags of private air-taxi operators. The long-held dream of re-privatising aviation in the country has finally reached a take-off stage. It might still be the thin end of the wedge. But a beginning has been made.

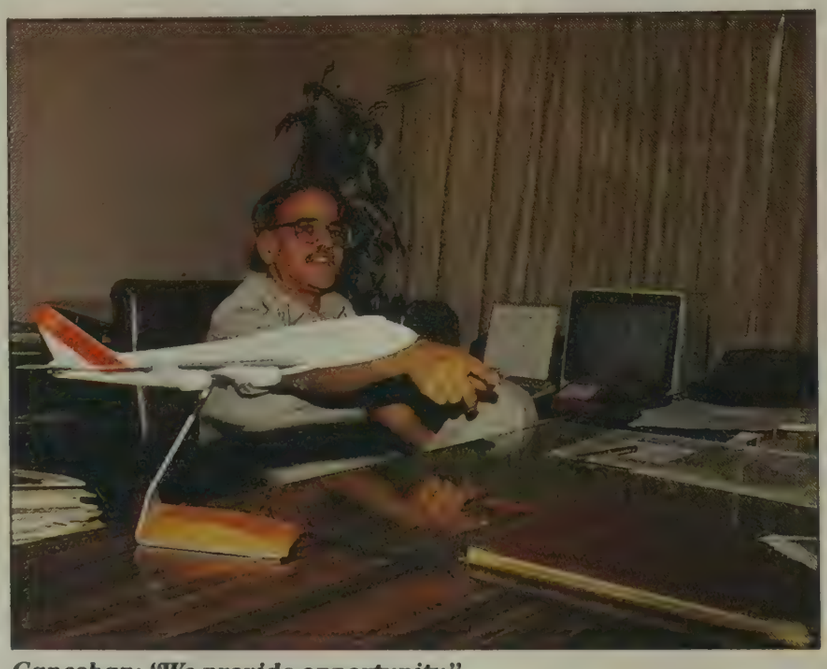
Vijay Mallya's UB Air, launched in June last year from Bangalore, was the first regular one off the ground. The company says that profits are still some time away but its brand-new 15-seater Dornier 228 now flies five times a week to Madras from Bangalore, three times to Mangalore and, as of early January, four times to Goa. The group now plans to acquire a 19-seater Dornier and is also considering the possibility of acquiring a larger aircraft.

Game begins

Air Asiatic, launched by Madras-based entrepreneur K.C.G. Verghese and his NRI associate G. George, who lives in the Middle East, with a capital outlay of Rs.5 crore, has been operating a leased Boeing 737 since November last year, on the Madras-Bombay-Calicut-Cochin-Coimbatore sector. Some industry sources say that the company is in a financial crisis, but Verghese denies this. "In the past five months we have flown about 30,000 passengers. We fly a busy sector and should be making a profit by August," claims Verghese. He will be acquiring another Boeing 737 soon, he adds.

Two other airlines already operational are based in Delhi. India International Airways, in which the Thapars reportedly have an interest along with a London-based NRI Surinder Gill, offers a seven-seater BA HS-125 on charter hire at the rate of Rs.35,000 an hour to anywhere within the country and the neighbourhood. On the other hand Delhi Gulf Airways, in which B.K. Modi has an interest, offers helicopters on hire.

But the real game is just beginning. The companies that are already in operation are the ones that were launched when the then aviation minister Arif Mohammed Khan, in April last year, announced that private air-taxis will be allowed in the country without any restrictions except on the question of foreign exchange outgo. The government, in fact, has been quite liberal in giving out licences and permissions. As many as 21 projects have so far been sanctioned. Says A.V. Ganeshan, Union civil aviation secretary, "Our responsibility is to provide opportunities which we have done. Now a private air-taxi can fly any aircraft on any route to any airport and charge any fare. As to how they make their operation viable is up to them."



Ganeshan: "We provide opportunity"

But while big players like Tata Steel and Oberois who have the permission are still keeping out, it is the small entrepreneurs who are stepping into this as yet unchartered territory armed with ambitious plans. The Madras-based Phoenix Airways has acquired a Russian TU-154, 165-seater aircraft to be run on trunk routes and is busy recruiting staff for the same. And so is Delhi businessman Jagdish Gupta who has launched Jagson International with two Dorniers acquired from Bhutan.

The Bombay-based East West Airline is waiting for its three leased 737s to arrive in Bombay before it can take off. Its NRI promoter Nassiruddin Wahid, the chairman of the Bahrain-based East West Travel & Trade Links Pvt Ltd, has drawn up an ambitious flight schedule for his new airline covering 15 cities ranging from Bombay in the west to Thiruvananthapuram in the south and Indore in the north. Says his brother Thakiuddin Wahid, who is the managing director of Bombay-based East West Travels, "With our decade-long experience in the travel business, it makes sense to get into air-taxis. We have seen for a long time that there is a crying need for more passenger carrying capacity."

Deregulation progress

Sam Verma is another small time US-based NRI who is brimming with plans for his air-taxi company called Continental Aviation. Speaking at a crowded press conference in Bombay last week he said, "The government has gone a long way in deregulating airlines. It is an opportunity I had been hoping would come up for a long time." Verma, who owns a small tyre and tube company called Wear Well Tyre & Tube Industries in Betul, Madhya Pradesh (turnover: Rs.9 crore last year), has already flown in its 160-seater Boeing 707-720 into Bombay. He plans to utilise it on the Bombay-Delhi sector first, and later fly to Bangalore and Goa as well.

Of the new entrants, Ajay Kilachand of Synthetics & Chemicals, the promoter of Trans-Bharat Aviation (along with Geneva-based NRI Chand Kaul) is one of the few who can claim impeccable aviation credentials. His family promoted Hindustan Aeronautics which was eventually nationalised and he also ran Hans Air Service, operating two 48-seater Viscounts to the Gulf, mainly transporting cargo between 1974 and 1982.

TBA got its NOC in May last year and its operating permit last month. It launched services on 6 March with two 15-seater Beechcrafts of 1969 vintage. While one is in use now, the other is undergoing an overhaul in the US. TBA offers its charter services to tourists to destinations like

Agra, Varanasi, Jaipur and Udaipur from Delhi. "The tourist charters will be our mainstay," says P.N. Kumar, managing director of TBA and an ex-deputy managing director of Indian Airlines.

Easy passage

But Kilachand and TBA, on the face of it, would have relatively easy passage by virtue of the fact that they are a charter service and that they depend largely on the tourist traffic. The tourists would ensure foreign exchange revenue to pay back the cost of the aircraft while the charter service will ensure that the airline does not get into a self-defeating competition with Indian Airlines. TBA charges Rs.16,000 for a flying hour and Kumar estimates to break even at a passenger load factor of around 60 per cent. "The survival in this industry," he says, "depends on the type of aircraft you have. We have smaller aircraft and are going in for charters while those with bigger ones will have to attack the trunk routes. I think there is business in both."

But things are not going to be all that easy for those operating on trunk routes with Indian Airlines' shadow looming large over every air corridor in the country. Thus, industry experts say that it would be too early to even predict anything on the economics of operating the airlines in India. Says a top industry expert, who served the government for a long time, "The investment is very high, maintenance is a headache, hangars are difficult to come by and competitor Indian Airlines has virtually unlimited resources."

The opinion of air-taxi owners vary from modestly optimistic to high optimism. UB Air says it is neither making profits nor cash losses after almost a year of operations. "We cannot make profits on a single aircraft, we need to have one more at least," says Suneel Mehra, general manager. Air Asiatic expects to break even in two months time. A.K. Roy, chief executive of Continental Aviation, estimates that Continental will start making operating profits in one month, as they have calculated the break-even load factor (passengers per flight) at 100 with a 160 capacity aircraft. This, despite the fact that each flight will cost Rs.150,000, of which 65 per cent will be fuel costs.

Running these airlines is an expensive proposition. The way the guidelines are framed, no exclusive Indian company can operate an air-taxi because government will not release any foreign exchange for the purchase of aircraft. The scheme thus will have to necessarily include an NRI. Here again interest repayment of loans, if any, will have to be made either by the NRI or through foreign exchange earned through tourist traffic.

And aircraft don't come cheap. Vijay Mallya paid upwards of Rs.5.4 crore for his 15-seat Dornier. Verma of Continental is paying around Rs.17 crore for his nearly three-decade old Boeing 707-720. East West is leasing three vintage Boeing 737s from the US for Rs.2 crore a quarter while Air Asiatic is paying a $150,000 a year for its Boeing 737. In addition, there is a 15 per cent duty on the imported aircraft, which air-taxi operators have objected to since Indian Airlines pays only 2 to 5 per cent for its aircraft. Says Ganeshan, "I agree they have a point here. I have told them to talk to the finance minister."







Vintage TBA and Air Asiatic aircraft, and UB Air's brand-new Dornier : all optimistic

But the bigger headaches start once the aircraft is flown into the country. Indian Airlines is not taking to these airlines kindly and is doing everything to retain business. When UB Air started operating late last year on the Bangalore-Madras-Mangalore sector, Indian Airlines increased their flight frequency on the circuit. And UB Air had to slash its ticket rates by 30 per cent to the level of Indian Airlines' rates.

Unethical IA

On 6 March, when Trans-Bharat Aviation put an ad in Delhi's *Hindustan Times* saying that it would operate a Delhi-Lucknow flight, Indian Airlines which till then had one flight a day on the sector increased it to two. "We are forced to withdraw," says Kumar. Adds Verghese of

Asiatic, "Indian Airlines resorts to unethical means to kill private air-taxis. For example, there was no morning flight by IA in the Madras-Bombay sector. When we started flying, IA also introduced a new flight around the same time. In the process, neither IA nor we could get full occupancy."

Redeeming effect

To be fair, the Indian Airlines' competition has had at least one redeeming effect. The private air-taxis have been forced to keep ticket rates at the Indian Airlines level. In fact, it seems they will have to actually cut ticket prices if they have to win away passengers from IA. Also, Indian Airlines has vastly improved its services on some of the key sectors. It offers brand new A320s on trunk routes which any passenger would prefer to old Boeing 737s and 707-720s. Says M.C. Nair, managing director of Everest Advertising, who has flown by Air Asiatic to Kochi, "Given a choice I would rather fly Indian Airlines. The only reason for taking Air Asiatic is the availability of tickets. Service is just about the same. Air-taxis will have to add value in terms of service and elegance."



Service in Air Asiatic 737 is on a par with IA

The other area where Indian Airlines has an upper hand is in the airport infrastructure. Says Verghese of Asiatic, "Last month, our aircraft needed re-charging facilities at Bombay. It is just a two-minute job. But IA refused to do it. Our flight was stranded for nearly 10 hours." According to Roy of Continental Aviation, "Getting things done at the airports is the most frustrating part." He has been running from pillar to post for facilities like an office and a check-in counter. Mehra of UB Air, too complains that they now have to share a check-in counter with IA as its terminal at Bangalore was taken over by the NAA. Ground handling is another major headache. Roy says that they will have to make separate arrangements for ground-handling equipment as IA is not willing to sell the equipment.

Ganeshan states the government's view in this matter. "It would be impossible for Indian Airlines to maintain or allow the air-taxis to use their infrastructure. As it is Indian Airlines' hands are full with its own aircraft maintenance, so much so, that they have to send some aircraft abroad. And anyway, the private operators are in competition with Indian Airlines, so how can they expect to use its maintenance facilities?" He, however, added that the government has decided to give space at Nagpur airport to anyone willing to build a maintenance shed. "I know it is capital intensive, but if any entrepreneur is willing, the place is ready."

How safe are they?

The issue of maintenance also raises the major question of how safe the aircraft operated by the air-taxis are, considering that they are using very old aircraft and that the DGCA is not very well known as a very effective air safety enforcing body. The Boeing 707-720 for example, belongs to the first series of jets of the sixties, and has been phased out all over the world (the last airline to use these planes was Ethiopian Airlines), and spare parts are hard to come by. Industry experts also claim that the planes available on lease are the oldest ones around. And some retired Air India and Indian Airlines engineers who were offered jobs by these air-taxi companies are known to have rejected them because of the poor state of the aircraft.

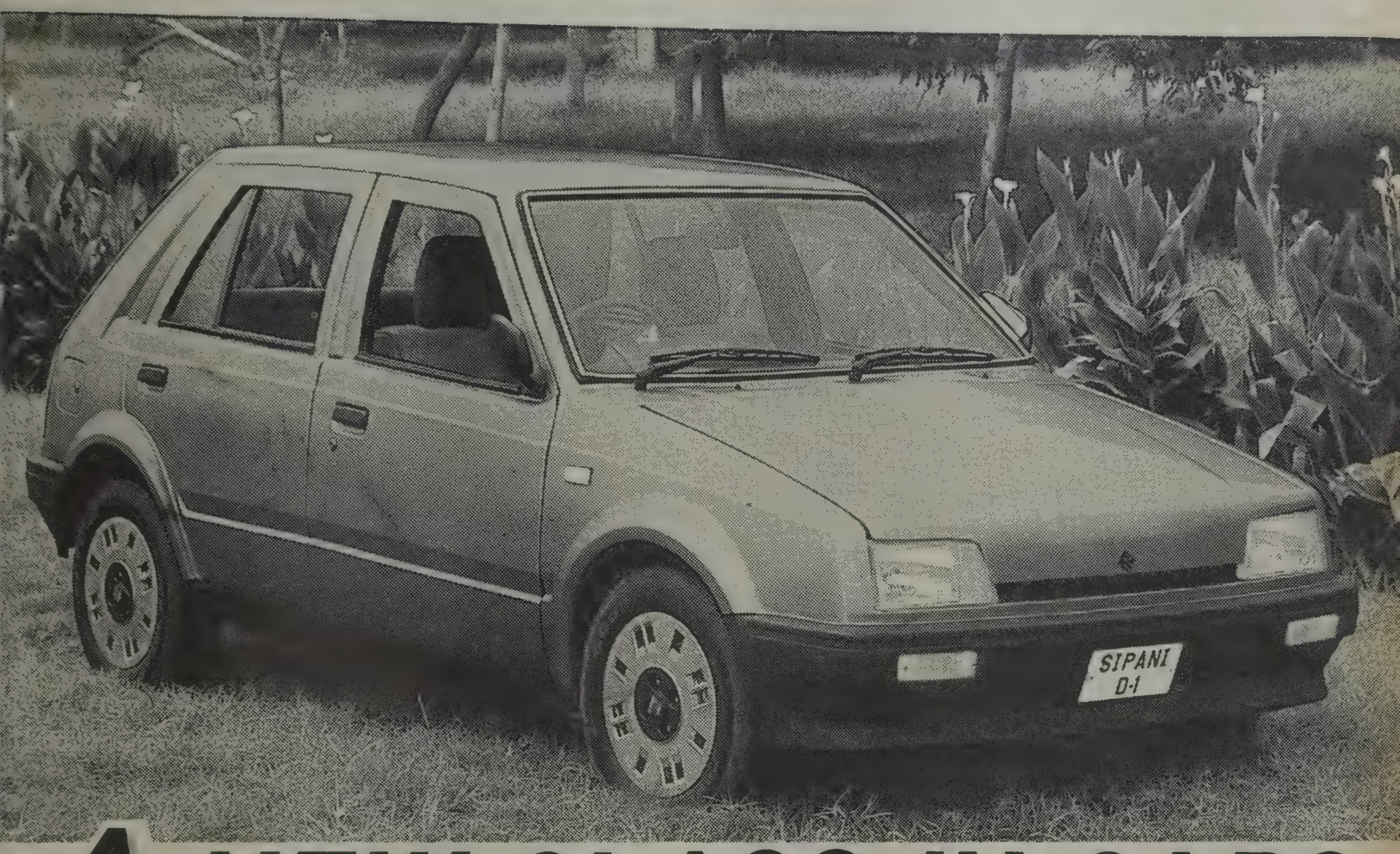
The air-taxi operators, however, claim that the aircraft have undergone stringent testing. East West claims that its aircraft has been certified by the Federal Aviation Authority of the US, so does Air Asiatic. Verghese asserts that though his aircraft are 10 years old, their engines are brand new. Verma is quick to point out that Continental's aircraft has an average of 26,000 landing and take off cycles, while the average for some of IA's planes is 70,000.

UB Air, in turn, claims that out of 500 flights so far, they have had only one minor breakdown. The maintenance contracts too have been issued to experts. Airworks Ltd of Bombay, a 40-year old maintenance and overhaul outfit, is to be responsible for the inspection and major maintenance of Continental's plane, as well as the major maintenance for East West. Says B.G. Menon, the senior partner of the firm, "These aircraft are old, but they are still airworhty. We are confident we can handle the maintenance."

So, all in all, running a private airline in India is not going to be all that easy till such time the government allows free foreign exchange to buy aircraft and spares, though no doubt there's tremendous scope for their growth. While passenger growth in the Seventh Plan was estimated at 12 per cent, Indian Airlines' target was for a growth of only about 8 per cent. This obvious lack of capacity should sustain many of the more enterprising private air-taxis.

But as Kumar of Trans-Bharat laments, "The fact is that today aircraft cost is high and so are landing parking charges and fuel. The resultant margin is thin. But this is the first experiment of this sort in the country. If the future, despite all problems, looks bright it is because of the growing passenger demand."

■ SUDESHNA SEN and R.S. VENKATESH with N. RADHAKRISHNAN and bureau reports



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The Company has an excellent track record of growth, profits and bonus issues, and is now poised for tremendous growth through a prestigious backward integration project – a 2 x 250 MW Power Station at Dahanu in Maharashtra.

BSES recorded the highest-ever turnover of Rs. 390.20 crores with Net Profit after Tax of Rs. 12.04 crores for the year ended 31st March, 1990 on the Share capital of Rs. 11.70 crores (including 1 : 1 Bonus Issue) and Reserves of Rs. 88.09 crores. For the six months ended 30th September 1990, Sales reached Rs. 223.64 crores and the Net Profit after Tax was Rs. 8.06 crores with Earnings per Share (annualised) of Rs. 13.66.

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Debentures from BSES. An opportunity for you to plug into a bright future.

HIGHLIGHTS

- **Well-established, 61-year-old private sector power distribution company with an excellent track record of growth, profits and bonus issues**
- **Poised for tremendous growth through a prestigious backward integration project – a 2 x 250 MW Power Station at Dahanu in Maharashtra**
- **Uninterrupted record of dividends ever since inception in 1929 (20% from 1987 to 1989 and 18% for 1990 on enhanced capital after 1 : 1 Bonus Issue)**
- **Guaranteed return under the Electricity (Supply) Act, 1948; with no gestation for investment on account of its existing business**
- **Excellent potential for private sector participation in power industry through a package of incentives and current trends of liberalisation**
- **Financial participation by World Bank, International Finance Corporation (Washington) and Indian Financial Institutions/ Mutual Funds**
- **Single-stage, full conversion of Debenture into 5 Equity Shares of Rs. 10 each at a premium of only Rs. 15 per Share at the end of 12 months from the date of allotment**
- **Market price of Equity Share of Rs. 10 each as on 28.2.1991 – Rs. 115 (cum-Preferential right) on Bombay Stock Exchange**
- **Easy payment terms : 25% on application, 25% on allotment and balance on call(s)**
- **Earnings per Share : Rs. 10.17 (on enhanced capital after 1 : 1 Bonus Issue) for the year ended 31.3.1990**
- **Easy liquidity : listing on Bombay, Ahmedabad, Bangalore, Calcutta and Delhi Stock Exchanges**

The CCI has stipulated that, if the Company does not receive the minimum subscription of 90% of the issue amount, the entire subscription will be refunded to the applicants within 90 days from the closure of this issue. If there is a delay in refund of such amount by more than 10 days, after the said period of 90 days, the Company will pay interest at the rate of 15% per annum for the delayed period.

LEAD MANAGERS TO THE ISSUE

The Industrial Credit and Investment Corporation of India Limited
Merchant Banking Division
163 Backbay Reclamation,
Bombay 400 020

CANBANK FINANCIAL SERVICES LTD.
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SBI Capital Markets Limited
202, Maker Tower 'E',
20th Floor
Cuffe Parade,
Bombay 400 005

FICOM Financial Services Private Limited
Raja Bahadur Compound, Ground Floor,
32, Bombay Samachar Marg
Bombay 400 001

CO-MANAGER TO THE ISSUE

Fairgrowth Financial Services Limited
Kshmalaya, III
37, New Marine Lines
Bombay 400 020

PUBLIC ISSUE OPENS ON 22ND APRIL, 1991

BSES

Bombay Suburban Electric Supply Limited

Registered Office : Nagin Mahal (6th Floor), 82, Veer Nariman Road, Bombay 400 020.

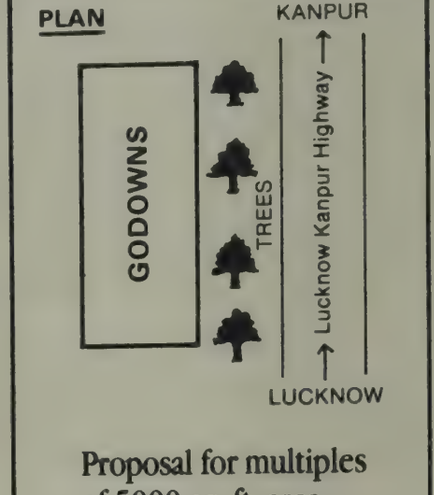
The Earning Power



Concept

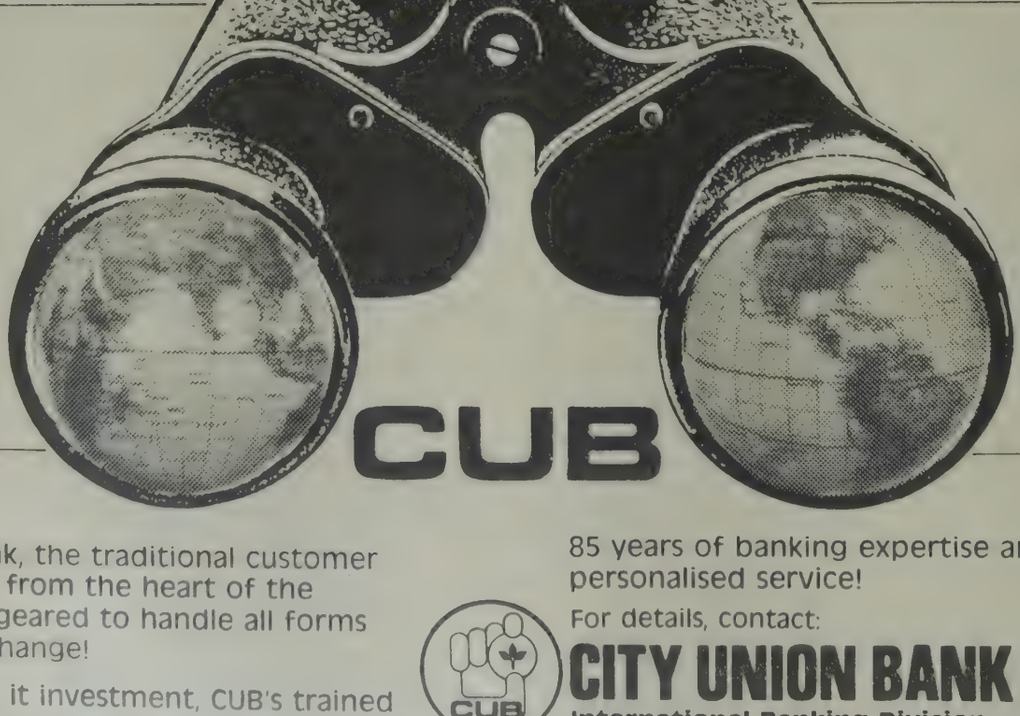
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TIDCO declares a dividend

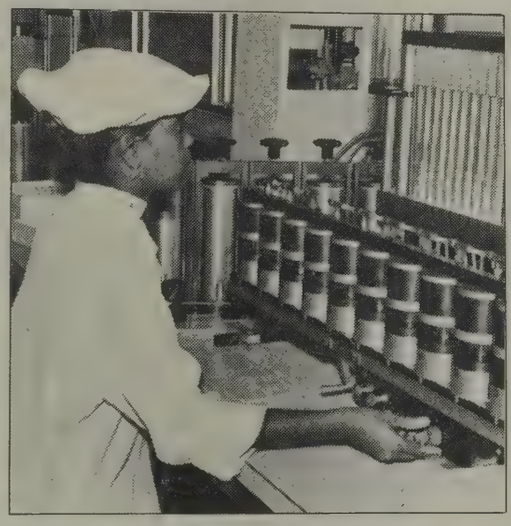
For the first time in 25 years, the Tamil Nadu Industrial Development Corporation (TIDCO) will pay a dividend of 4.31 per cent (Rs.4.45 crore) to the state government. The corporation will earn a net profit of Rs.6.56 crore. At last, its perenially loss-making companies have registered an improvement. Of the 56 TIDCO-sponsored units, 50 per cent are going to declare dividends, 40 per cent are making profits, 6 per cent are incurring losses and 4 per cent remain closed.

This is a vast improvement over its past performance. Till the eighties, TIDCO hardly received any dividends, and was stuck with loss-making units. But by the mid-eighties, it began registering nominal profits, mainly because of the dramatic turnaround of the joint sector fertiliser giant SPIC. Now TIDCO has two more jewels in its crown — Tamil Nadu Petro Products Ltd (TNPPL) (jointly promoted by TIDCO and Spic) and Titan Watches — a TIDCO-Tata project. These three companies account for most of the dividends.

Political games

The organisation was down in the dumps towards the end of the MGR regime. The TIDCO chairperson was a political appointee. It was alleged that corruption was rampant. Industrialists used to complain that while all the other states offered attractive incentives to entice them to put up projects, Tamil Nadu was the only state where they had to pay money to do so. Although TIDCO was supposed to disinvest its shares in on-going projects to raise resources for new industries, this did not happen during the AIADMK rule. The only notable exception was Tamil Nadu Chemical Products, where the successful bidder was liquor baron Ramaswamy Udayar, reputedly very close to MGR.

When the DMK came to power in 1989, it decided to speed up the disinvestment process. For a start, rules and regulations have been loosened. The government does not have to clear projects where TIDCO's investment is less than Rs.25 lakh. Now TIDCO has at last finalised its disinvestment plans and hopes to raise Rs.4 crore in the current financial year. By unloading its stake in the joint sector and public sector projects, the corporation can raise between Rs.30 and Rs.40 crore in the near future. Since its inception in 1965, TIDCO has promoted 56 projects (including those under implementation) at a total cost of Rs.1,239 crore. Of this, the corporation's total share capital contribution was Rs.112 crore.



Titan watches: one of the flagships being retained by TIDCO

In the first phase 12 companies have been identified for privatisation. Already, decisions have been taken on fixing share prices. The three criteria for price fixation are prevailing market value of the share (average of three months), the net value of TIDCO's equity capital assessed on a compound interest of 13 per cent till the period of disinvestment, and the actual book value of the shares. "The price will be based on whichever of these is higher so that there is no favouritism of any sort," says a senior government official. The first refusal will be given to the join sector partner.

The corportion has already disinvested its holdings in Vanavil Dyes and Chemicals (in favour of Colour Chem Ltd) and Malladi Drugs and Pharmaceuticals Ltd (in favour of the promoters). Other well known companies where TIDCO plans to unload its share capital are Pentasia Chemicals (in favour of Asian Paints), Tamil Nadu Flourine & Allied Chemicals Ltd (promoted by Aditya Birla), Dynavision (makers of Dyanora TVs) and Tamil Nadu Dhadha Pharmaceuticals Ltd.

Confusing decision

TIDCO will not disinvest its shares in what it calls its flagship companies, namely SPIC, TNPPL and Titan Watches. Actually this decision does not make much sense to a lot of outside observers who feel that these flourishing concerns would fetch a lot more money than 'also rans' which the original promoters themselves are not so keen on touching. They observe that this reluctance to dilute in the flagship companies may discourage industrialists from other states from putting money in major projects.

Perhaps, TIDCO and other state government units gained momentum because DMK chief minister, M. Karunanidhi saw to it that not a single public sector unit (there are 62 of them) was headed by a politician. And he also conducted monthly industry review meetings, each lasting three to four hours. Much of the action visible now is the result of decisions taken during the DMK rule.

One can only hope that the next government will not let TIDCO fall into its earlier apathy.

■ SUSHILA RAVINDRANATH



Road tax leads to strike

The Chautala government in Haryana fell last fortnight and with it also ended the eight-day transporters' strike. The strike had brought all commercial vehicular movement in the northern states of Punjab, Haryana, Rajasthan, UP, Jammu and Kashmir and Delhi to a grinding halt.

The strike followed an ordinance passed by the Haryana government on 21 December, obliging every motor transport vehicle entering the state to pay a *path kar* (road tax) of Rs.100, over and above all the taxes in existence. Moreover, the

Searching questions. Revealing answers... III

Even during recession, remained confident of being

How come?



HIGHLIGHTS

- A profit making, dividend paying company—a member of the well known Dilip Khatau group
- Excellent track record
  - Profit after tax in 1990 at Rs. 4.53 crores against Rs. 1.77 crores in 1989 (annualised)—an increase of 164%
  - Dividend per Share up from Rs. 2.10 in 1989, to Rs. 2.50 in 1990
  - Earning per Share Rs. 5.13
  - One of the highest returns on Net worth in the shipping industry
- The only shipping company to pay 20% or more dividend continuously for 6 years—25% last year
- Modern fleet, which is also one of the youngest in India—average age 7 years
- Entire fleet profitably employed
- Market Value of fleet around Rs. 130 crores as against book value of Rs. 70 crores (as on 30.9.1990)
- Convenient conversion terms: Marketable lot of 100 Shares per minimum application of 10 Debentures (on full conversion)
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Lead Managers to the Issue

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This foresight and strategy have contributed significantly to Varun's excellent track record. The Company has notched an impressive post tax profit of Rs. 4.53 crores during the year ended 31st March, 1990—a growth of 164% over the previous year. And with increasing profits, come increasing dividends—25% in 1990, against 21% during 1989. Varun shipping has the distinction of having an uninterrupted dividend record during the last 6 years. Moreover, Varun is one of the few Indian Shipping Companies to pay a dividend of more than 20%. Even on the increased equity which went up by more than 160% in 1988.

Varun is now embarking upon a Rs. 190 crore expansion programme to take advantage of the current good conditions in the Shipping Industry. To ensure greater success and to reap reasonable profits for its investors'. Consistently.

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ax had a time clause by which, vehicles vere required to pay the *kar* for each day hey remained in the state. However, in- erestingly all vehicles registered in Hary- ana were exempt from this additional evy.

Says Chittranjan Dass, secretary gen- eral of the All India Motor Transport Con- gress (AIMTC), the apex body of over 600 ransporters' associations all over the ountry, which organised the strike, Through this tax the Chautala adminis- ration tried to fleece non-Haryana trans- porters to the tune of Rs.6 crore annually nd get extra revenue for the state with- ut taxing its own people."

Comments an economist, "At a time vhen the trend is towards freeing road ransport and withdrawal of all barriers o movements of traffic, this measure was patently unfair one, prompted by reve- nue considerations."

Centre-state question

Haryana government officials are chary bout commenting on the motives behind he impost, though it seems that some hinking did go in before it was imposed. The AIMTC had got wind of the move in December and took up the matter with he then chief minister of the state, a Chautala protege, Hukam Singh. But to no avail. The matter was also taken up vith the union minister of surface trans- port, Manubhai Kotadia, who refused to ake cognisance, on the grounds, that the subject was on the state list and outside he purview of the central government. And this, when the levy was applicable for commercial vehicles plying on the na- ional highway, which is under the juris- diction of the Central government.

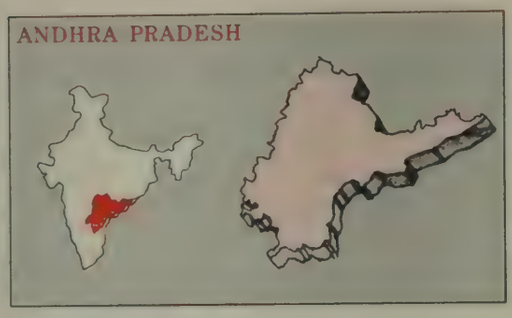
Failing to get justice, the truck opera- tors of the northern states went on the strike from 25 March. Says a transport operator, "When we approached the Haryana government, they told us to get our vehicles registered in Haryana and escape the *path kar*."

Says Dass, "The strike was necessary as the tax set a bad example and would have given ideas to neighbouring states to fol- low suit." In fact, similar schemes were al- ready being considered by the Delhi administration and the Punjab government.

The strike added to the loss of trans- porters and affected trade in the region. In all there are 250,000 vehicles moving about in this region every day, carrying 2 million tonnes of cargo. According to Ajit Singh Khurana, a large scale transporter, each vehicle earns around Rs.600 per day. On an average this means a loss of around Rs.4,800 on each vehicle during the strike. Again, there are fixed costs of Rs.700 per vehicle per day; that too is lost. Added to that are the other losses incurred by manufacturers on goods (both perishable and unperishable) which have not reached their destinations on schedule. Another transporter says that if the government had paid heed to their appeals earlier and behaved responsibly, this loss could have been avoided.

The strike finally came to an end when, with the imminent fall of the Chautala government, the Central government moved in and promised to prevail upon the state government to withdraw the levy.

■ REENA PATNAIK RAO



APSEB detects pilferage racket

Last month, the Andhra Pradesh State Electricity Board (APSEB) uncovered a massive power pilferage racket involving eight mini-steel units which has cost the state a whopping Rs.26 crore. The eight units were using a sophisticated hi-tech device comprising simple electronic components, like those normally used in TVs and VCRs for the remote control operation, to steal power. According to A.P.V.N. Sharma, member-secretary of the APSEB, "The units were supplied this device by the same source."



A power-stealer being removed by APSEB authorities

Following a tip off, the board authorities raided the concerned industrial units on three consecutive days starting 19 March. When the sleuths discovered the hi-tech device, nicknamed the power stealer, power supply to these units was cut off. Following this, the APSEB has launched an operation to detect similar wrongdoings in other industrial units.

Sharma points out that there are 6 million power consumers in the state. Out of these, 4,000 high tension (HT) consumers consume 75 per cent of power. "If we are able to detect and stop the power pilferage among the bulk consumers, it can solve our problem to a considerable extent. The pilferage among 25 per cent small consumers will not pinch us so badly."

Commenting on the episode, M. Venkata Rao, secretary general of the Federation of AP Chambers of Commerce and Industries (FAPCCI) says, "If anybody is involved in such an offense he should be brought to book because he is stealing from others' pockets. It is not the board's problem alone. It is a problem common to all consumers."

According to industrial circles, the purpose behind pilfering power is to show less consumption of power, lower production and therefore lower revenue. This saves both sales and income tax.

This power theft has been uncovered at a time when the state is facing a grave power crisis. According to Balarama Reddy, member, transmission, APSEB, there is shortage of power for seven to eight months in a year. Power supply to HT consumers has been cut by 40 per cent.

Chief minister N. Janardhan Reddy points out that about 20 per cent of power is lost during transmission due to different operational reasons and pilferage, which, incidentally, he maintains is reasonable by Indian standards. However, both he and the FAPCCI secretary general agree that theft is a relatively insignificant and negligible part of the total loss. Insignificant or otherwise, in a state strapped for power, every unit counts.

■ MOHAMMED OMER FAROOQ

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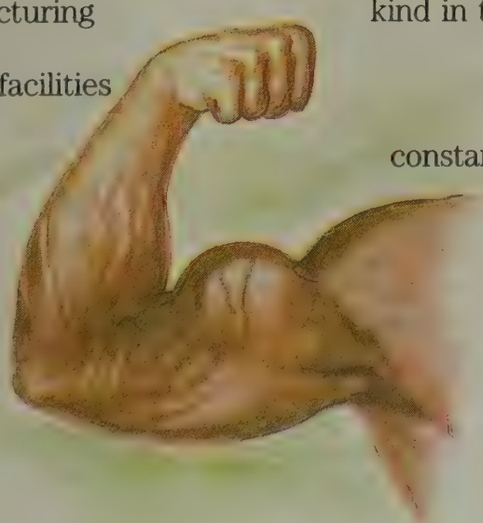


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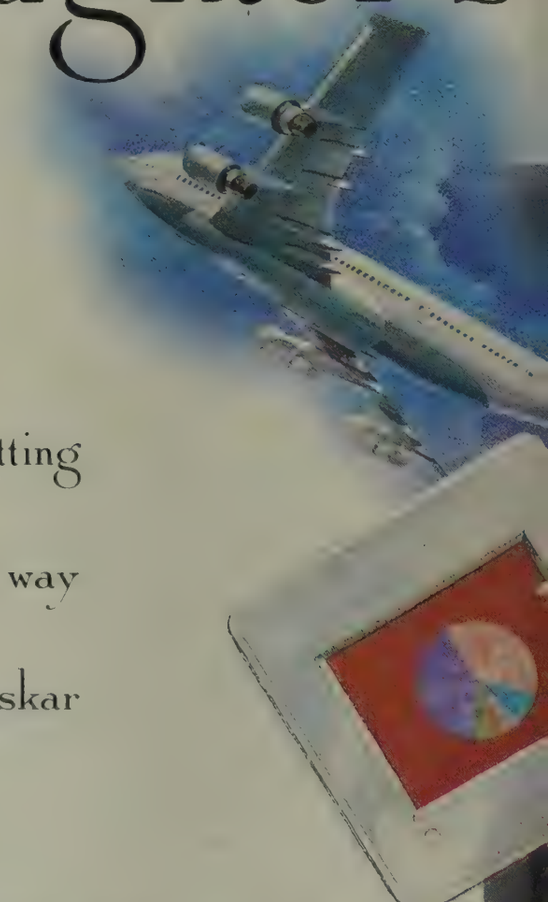


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Sanjeev Baithmangalkar (General Manager Marketing)



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The $100 million man

He is short, has an unusual name, and a slightly tousled look. He wears a gold bracelet on his wrist, has a slight twang in his voice but, for all that, he could be any other Indian immigrant to the US. He doesn't strike you as a man who walked away with a $100 million. John Kapoor did exactly that when he sold his stake in Lyphomed, a US pharmaceutical company, last year.

Behind this lies a tale. John Kapoor was born Jatindar Kapoor in 1943 in Amritsar. He comes from a family of businessmen, his father was in the movie distribution and production business.

After finishing high school in Amritsar, he joined Khalsa College in Bombay. Later, he graduated from the University Department of Chemical Technology at Bombay with a B.Sc (Tech) in pharmacy. He left for the US in 1964 and joined the State University of New York, at Buffalo in New York state. Here he took a doctorate in medicinal chemistry in 1970.

He then joined Invenex Laboratories, a San Francisco-based company, which made injectable products. He helped set up and run a plant which boosted the company's turnover from half a million to $20 million in the eight years he worked there.

Thus far, no further

"As a professional and an immigrant there is only so far that one can go in an American company," says Kapoor. He decided that he had to strike out on his own. So he approached Stone Corporation, a paper producer, and a Fortune 500 company. Stone had a wholly-owned pharmaceutical subsidiary, Lyphomed.

Lyphomed was going through a bad patch. Quality problems had led to product recalls. Straightening out similar problems had been Kapoor's forte at Invenex. While negotiating with Stone about joining Lyphomed, he learnt that they wanted to sell the subsidiary. He requested that the first option on the sale be granted to him and they agreed.

When Kapoor joined Lyphomed in 1978 it had a turnover of half a million dollars and was losing an equal amount. In nine months Kapoor was able to turn the company around. In 1981, Stone Corporation decided to sell it. The total acquisition price was $2.6 million but for the leveraged buyout, a total equity of 1 million dollars was required. Kapoor had only $24,000. He managed to get a venture capital firm, the Pathfinders, based in Minneapolis, Minnesota to put up the rest of the money.

At the time of the buyout took place Lyphomed had a turnover of $3 million dollars. It supplied products to hospitals. Kapoor's strategy was based on finding niche markets that several large companies were not interested in.

"The area we tackled was nutrition in hospitals. This was for patients who can't eat, can't swallow and have to be fed totally intravenously," says Kapoor. Though no one really knew how large this market was, Kapoor developed a whole range of products for this segment which received a good reception.

After establishing a firm foothold, it was logical that hospitals were considered a natural area for expansion. "Patients with cardiac problems, cancer or infections use our products. So it made sense for us to develop products to treat such patients," he says. Drugs with expired patents were targeted. Lyphomed developed formulations which were cheaper than those of its competitors. Luck was on Kapoor's side.

Dame Luck smiles

At about the same time, in 1982-83, that Kapoor was developing these products, the US government passed a legislation that revolutionised the health care industry. It replaced the cost-plus system of treating patients who received coverage under its Medicare scheme, with a fixed amount per patient. Private insurance companies soon followed suit. Hospitals scrambled to cut costs. Lyphomed's discounted prices were a real winner. But production was no match for demand. To keep pace, "We grew like crazy," says Kapoor.

When Kapoor joined Lyphomed in 1978 it had a turnover of half a million dollars and was losing an equal amount. In nine months Kapoor was able to turn the company around... "We grew like crazy," he says



Lyphomed went public in 1983. By 1984, Kapoor realised that there was only thus far that he could go with patent drugs. He needed to introduce proprietary medicines. But these were expensive and money had to be poured into research to develop them.

Kapoor found that the third largest Japanese drug company, Fujisawa Pharmaceuticals, which had a turnover of $2 billion wanted to buy a stake in the company. As the venture capital firm, Pathfinders, who had initially helped Kapoor wished to sell their 22 per cent stake, Fujisawa bought it in 1984. Over the next three years they improved their stake raising it to 30 per cent.

Pathfinders made out like bandits on the deal. For an investment of $1 million they made $22 million in three years.

Fujisawa wanted to buy Kapoor out almost immediately. Says Kapoor, "They said we'll make you a rich man. You paid $25,000 — we'll give you a cheque for $20 million." But Kapoor wanted to continue with building the company. An agreement was reached with the Japanese that they would not buy him out for six years till 1990.

Kapoor walked away with over a $100 million and decided that maybe he'd retire. This was easier said than done. Within two weeks he realised he couldn't just sit around. At the same time, he was not certain that he could accomplish what he had at Lyphomed, all over again.

Kapoor's philosophy has been to invest a significant stake, say over 20 per cent, in what he considers undervalued companies. They could have a unique product or service concept but were poor performers. He wanted to take them over and develop them, like Lyphomed, but this time he would be the strategist.



"Any project has to be financially viable to survive. Our strategy, over the next five years, is to build a really professional organisation which would be known by top physicians in the country"

Taking them on

For instance, one of the companies he has invested in is UniMed, which has developed Marinol, a synthetic version of THC, the active ingredient of marijuana. This has been approved by the FDA for treating nausea in patients undergoing chemotherapy. It is also remarkably effective in boosting appetite and is being tested on AIDS patients to see whether they gain weight. In spite of the remarkable features of the drug, UniMed has been performing poorly. This is where Kapoor's expertise is called for.

He found that UniMed's marketing of marinol was inappropriate. Channelled through a hospital supply company, it ought to have been a product that caught the doctors' attention. Here too existed a problem. The doctors' natural resistance to marijuana and having anything to do with it, had to be broken. Well-trained salesmen would have to visit doctors and convince them of the value of the drug.

Kapoor contacted some of the former colleagues at Lyphomed who had left after Fujisawa took over. He asked them about their willingness to join UniMed to build a sales force. Not only were they willing, they were confident of putting together a sales force in 90 days.

When Kapoor bought into UniMed in December last year, they were left with only one million dollars which the company expected would last a year. Kapoor went about pruning expenditure so that the amount would last them two years. He pumped in enough money to support a sales force for those two years so that even in the worst scenario, the company has a fair chance of breaking even. Says Kapoor, "To me it was a real challenge. Here was a company that was almost written off. When I bought the company, the share price was a dollar and a quarter, now, two months later it is four and a half."

Kapoor is currently in India to set up a unit, CritiCare Laboratories (P) Ltd. This decision was taken when he was working for Lyphomed earlier. On one occasion he visited Tata Memorial Hospital and found that certain basic cancer drugs, easily available in the US were just not available. The reason for this was not the lack of money. Says Kapoor, "Multinational companies may not consider it worth their while to make available the latest drugs in India." Kapoor now plans to provide products for which there is a need and is confident of being able to procure the technology.

His first project involves nutritional products for the critically ill. There are no big margins in this kind of business. Much of the product development in this area has taken place in the US, and modifications will be made in India. The products are so designed that they will not require many imports. Kapoor's involvement with India does not arise just out of a desire for doing good. "Any project has to be financially viable to survive. Our strategy, over the next five years, is to build a really professional organisation which would be known by top physicians in the country," he says.

CritiCare is headed in India by V.A. Padwal, earlier, director (marketing) with Burroughs Welcome. It will have three divisions — nutrition, pharmaceuticals, and diagnostic imaging. CritiCare's initial capital is only Rs.25 lakh. Its nutritional products will be manufactured by companies which have extra tetrapack capacity to pack products in tetrapack containers. One of Kapoor's companies, Tech India, has a 40 per cent stake in the company.

For the future, the kind of products that Kapoor can access are numerous - anti-cancer drugs, intra-ocular lenses for cataract patients, anti-malarial drugs, etc. If his track record is anything to go by, then CritiCare should be a company to watch.

■ EAPEN THOMAS

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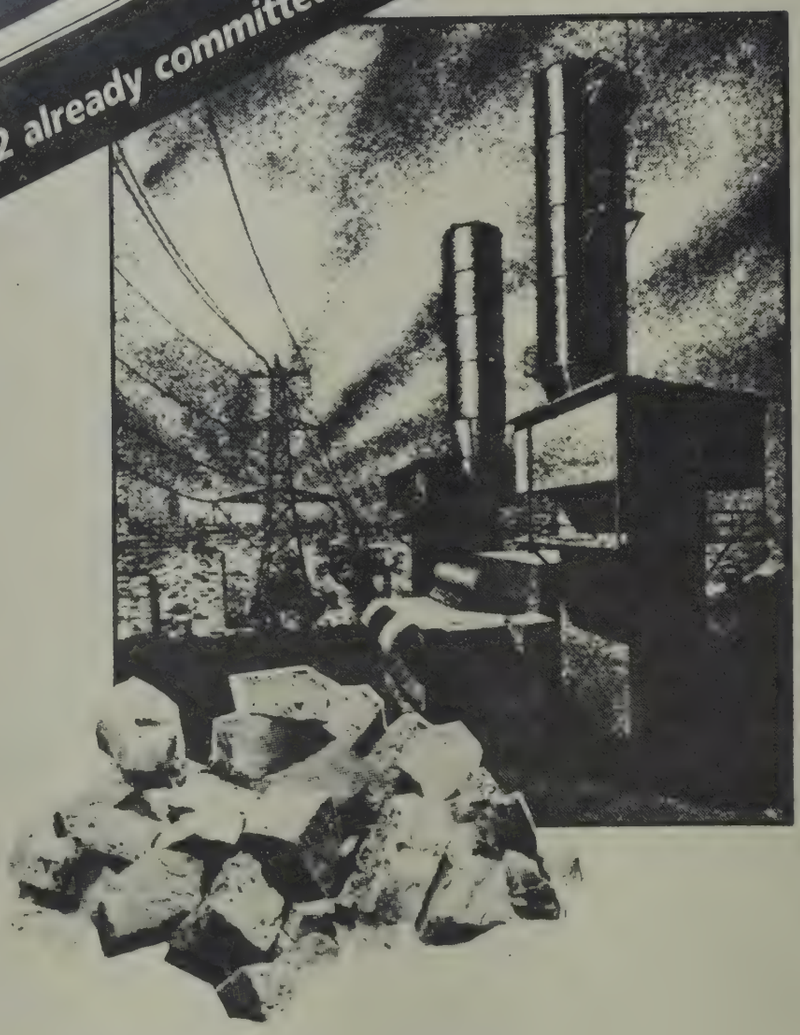
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The great survivor

Boudoir journalism arrived in India two decades ago with the launch of *Stardust*. The sassy film magazine not only re-wrote the staid rules of film reporting, but inspired a brand-new magazine stereotype too: gossipy, irreverent and people-centered. Now in its twentieth year, this publishing *wunderkind* of the seventies continues to hold sway over its loyal readership in India and abroad.

Perhaps what is most remarkable about *Stardust*'s success has been its ability to sustain it. Clones have come (*Cine Blitz*, *Movie*) and gone (*Super*, *Film Mag*) but *Stardust* has managed to remain on top of its segment. With a circulation of 180,000 it has established an almost unbridgeable lead over its closest competitor *Cine Blitz* (circulation: approximately 79,000).

For *Stardust*'s publisher Nari Hira, 1991 marks the twentieth anniversary of both his flagship magazine as well as his recently rechristened publishing empire. The magazine line-up at Magna Publishing (which was called Lana Publishing before Hira split up with his erstwhile partner Lallo Bajaj) consists of eight monthlies, each occupying its own distinct market niche. Which is why Hira insists that "Today there's more to Magna than just *Stardust*."

Indeed there is. You name the segment and Hira has filled it: people's magazine *Society*, *Savvy* a women's magazine, the semi-serious film monthly *Showtime*, two city magazines *Island* and *Citadel* for Bombay and Pune respectively, *Health & Nutrition* for the fitness buffs, and *Parade* which is Magna's answer to Readers' Digest. There are also two language editions of *Stardust*.

One launch per year

Apart from *Society* which was launched in 1978, all the others are products of the eighties. Since 1984, Hira has kept up a record of one launch per year and he claims that every magazine has passed the break-even stage. But clearly, it is Hira's first baby that continues to be the prima donna of the group. According to one observer, "The rest are piggy-backing on its success."

What makes *Stardust*'s position virtually unshakeable? Perhaps one reason could be that the magazine continues to adhere to its original 'hit' formula. Modelled along the lines of the old Hollywood film magazines such as *Photoplay*, it wasn't a wildly original idea in the first place. Former editor Shobha De calls it "one of those wonderful accidents that worked". Since De's days, the magazine has seen a succession of editors but none has been allowed by Hira to tamper with the winning formula of gossip, gossip and more gossip. By June, the circulation is expected to leap up to 200,000. As Hira boasts, "With *Stardust*, it's not a question of demand but supply!"



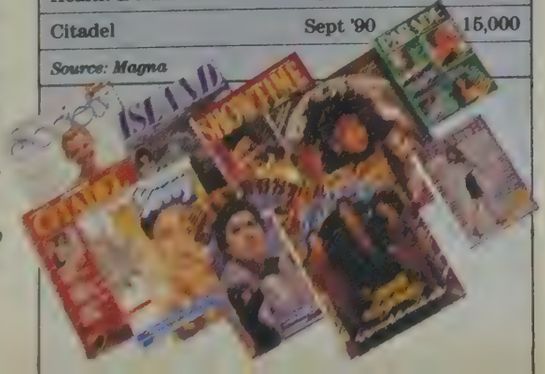
Hira: "supply, not demand"

Perhaps the same cannot be said of the sister publications. Ever since its launch, *Showtime* has been suffering from an identity crisis. It was originally conceived as a TV and video magazine but the idea didn't seem to work. Its current tack, a behind-the-scenes, analytical approach, hasn't exactly set the newsstands on fire either. Another laggard so far has been *Island* which was pitched against Living Media's *Bombay*, which recently folded up. Will *Island* too go the *Bombay* way? Hira's reply is a fervent "No!" Says one ex-staffer of the group, "It has been Hira's long cherished dream to have a magazine in every city." When questioned, Hira is reluctant to divulge whether other metro mags are on the way. But insiders insist that the next one will be from Bangalore, and three are at the planning stage.

Launch & circulation figures

Stardust English	Oct '71	176,000
Society	Nov '79	62,000
Showtime	Apr'84	60,000
Savvy	June '84	59,000
Stardust Hindi	Oct '85	110,000
Stardust Gujarati	Dec '86	62,000
Island	Sept '87	23,000
Parade	Feb '88	85,000
Health & Nutrition	Apr '89	75,500
Citadel	Sept '90	15,000

Source: Magna



Rise in figures

Meanwhile, *Parade* and *Health & Nutrition*, the newer additions, have been recording smart rises in their circulation figures. "We believe in giving the advertiser return for their money," says Hira. And that, in essence, is the key to staying afloat in this business, according to him.

While one eye is on the numbers, the other is firmly focused on readers. Hira's editorial policy resembles that of any formula film-maker: 'Give them (the readers) what they want'. As De says, "If people want dirt, Hira is prepared to give it to them." However, Ingrid Albuquerque, *Savvy*'s editor, looks at it differently. "We never talk down our readers," she says.

Amidst the comings and goings in the media world, Hira has managed to build a core team of editors. Each magazine is run as a lean, tight ship. Indeed, that applies to the group as a whole since all other activities are in-house. Magna has its own printing facilities, undertakes its own distribution and advertising. This self-owned infrastructure gives both a distinct cost advantage and flexibility. Marketing is another obvious strength. Today Hira is working on a promotional video magazine that will be used to boost circulation.

Not all that Hira has touched has turned to gold. Hiba Films, a video film venture, went kaput. The reason: "Cable TV ate into our market and we had to depend on advertising to survive," he explains. Now all his energies are concentrated on publishing.

The senior team is given a free hand for Hira himself claims to have "retired". But De doesn't buy that. "Hira is a driven man. He would rather die than retire!" she exclaims. In the final analysis, maybe that really explains how his group has managed to stay alive.

■ NAAZNEEN KARMALI

GOPI APPLIANCES

The hard grind to success

After years of hard luck, this persevering entrepreneur has made his mark on the Indian scene and is trying his hand at exports

Rajendra Nath has been through the grind. For five years he struggled in vain to make it on his own. But his will proved to be as sturdy as the kitchen machines he now manufactures. Nath's company, Gopi Appliances, has four manufacturing units spread over the country and housewives, especially in north and central India, swear by Gopi mixers. Last year, the company churned out appliances worth Rs.15 crore and Nath claims that his mixers stand second only to market leader Sumeet. Now Gopi is looking at a whole new range of kitchen appliances and examining their export potential.

A post-graduate in mathematics from Jullunder University, Nath decided not to go the academic way of his father. Instead, he went to Calcutta and joined forces with a clearing agent. His clients included the Bhilai Steel plant. But this stint proved to be short and unsatisfactory. "I did not quite enjoy the job," remarks Nath. Moreover, there was the overwhelming urge to venture out on his own. Therefore he returned to Jalandhar in 1959 and joined Aggarwal Kakkar Pvt Ltd — a family concern manufacturing nuts and bolts. The company was going through a low phase, and Nath pitched in with some funds.

Pics by Subhash Bhardwaj



Nath: overcoming bad luck to prosper

Early debacles

Shortly thereafter, the family members began to squabble among themselves. Before matters could get out of hand, Nath withdrew his money and left. His search for a business opportunity continued. He teamed up with three other entrepreneurs-in-the-making to set up a small-scale unit for the production of single-phase electric motors (which form the heart of the kitchen mixer). Unfortunately, here too, discord arose among the partners and Nath was forced to opt out. He returned home to Ambala a defeated man.

But the healing hand of time renewed his entrepreneurial resolve once again. This time Nath decided to go it alone. In 1963, he set up a single-phase motor manufacturing unit at Ambala. The experience he had gained in this field in the past three dismal years worked to his advantage.

But it took a while for the venture to really get going. In 1965, Nath decided to manufacture sirens also. There were few siren manufacturers then and the demand had gone up due to the Indo-Pak war. Nath started out with a Rs.2-lakh order from the government. Unfortunately, by the time the sirens were manufactured the war had ended and he was left with no buyers. The government too backed out. "It took me one-and-a-half years to fight my case and finally they stood by their commitment," he says. Work suffered at the factory and business came practically to a standstill.

By this time, Nath had developed the confidence to take such business vagaries in his stride. At around that time, he hit upon the idea of manufacturing motors for mixers. The market was flooded with foreign brands of mixers and a couple of local manufacturers also had just entered the scene. The product seemed to enjoy an ever growing demand. The Hindustan Instrument Corporation (HIC) at Ambala announced its intention to enter this field and placed orders for the motors with Gopi.

Ill luck continued to haunt Nath. HIC dropped the mixer project and he was left in the lurch. The only other mixer company, Ramco, initially approved Nath's product. But to his consternation, he soon discovered that Ramco had passed on his design to another motor manufacturer and had begun fixing the motors onto their mixers.

The only way out for Nath was forward integration: Gopi went ahead and made its own mixers as an original equipment manufacturer (OEM). The mixer was priced at Rs.295 — Rs.45 costlier than Ramco's product. "I could not have possibly priced it any lower than that," says Nath. But with a cheaper alternative available in the market, Nath's product, being new, found few takers.

At the same time, he had been developing centrifugal juicers along the lines of

the German make Braun. An order from Bajaj Electricals proved to be the crucial break Nath had been so patiently waiting for. His company became a regular OEM for Bajaj, Racold and Singer. Gaining confidence from this, Nath decided in 1982 to launch his own mixer in the northern and central Indian markets.

Improving sales

Since then, "our sales began to show a upward trend and almost every year we doubled our turnover," says Nath. Production volumes have zoomed up from 7,000 mixies per month last year to 10,000 per month now. Despite having its own brand, Gopi continues to supply to Bajaj as an OEM. G.K. Aithal, senior marketing manager (consumer durables) of Bajaj Electricals, confirms that Gopi's quality is "quite acceptable".

Everything about Nath now exudes prosperity — a half-acre factory area, almost half of the industrial sheds in the city, a branch network of 13 offices all over the country and an R&D unit in the Okhla industrial area in Delhi. Another factory is coming up in the Kundli Industrial Zone. In Ambala, which has almost 200 mixer manufacturers, Nath's success has made him a local hero. According to the divisional manager of Hotline, one of Gopi's competitors, Gopi has acquired considerable manufacturing strength.

"We spend 40 per cent of our turnover on R&D," says Nath. "My aim has always been to make appliances that suit the needs of an average Indian housewife." According to him, though western kitchen appliances have now mostly become throw-away models, Indians cannot yet afford the luxury of such disposable mixers. Moreover, to make the product attractive for the customer and compete with other models, continuous value addition is necessary. The Gopi mixer, says Nath, can be converted to a food processor. (A mixer usually consists of a grinder and juicer, while a food processor is a complete kitchen machine.) But Dilip V. Saptarishi, all-India sales manager, Power Control & Appliances (the makers of market leader Sumeet) does not concur. According to him, Sumeet is the only two-shaft machine which serves as a food processor-cum-mixer.



Inside the Gopi factory: catering to the Indian housewife

Nath claims that Gopi has a 20-per-cent share of the mixer market in the organised sector, second only to Sumeet which holds 30 per cent of the market. But with mixers being reserved for the small-scale sector, it is difficult to estimate with as much certainty as Nath does, the size of the total market or even individual market shares.



Packing of Gopi mixers: nation-wide business

Last November, Gopi test-marketed a whole new range of products: geyser, iron, washing machine and heating pillar. Sunil Jain, Nath's nephew who looks after the washing machine division, explains that the Gopi product will be based on the latest international technology. "It will be cheaper than other available models. And its spinning time has been so adjusted as to give best results for Indian clothes," he says. Already a sum of Rs.50 lakh has been spent on dies and moulds. A formal launch was delayed, says Jain, only because they wanted to get their quality right.

In fact, it is only with superior quality that Gopi has been able to hold its own on its own home turf at Ambala. "All our products are designed keeping in mind the Indian housewife and the conditions that are peculiar to our country," claims Nath. The heating pillar is an instance in point. It is claimed to be the only one of its kind, with a vertical design having two high-energy quartz tubes and a parabolic reflector plate to scatter the beams.

Gopi will be making its export moves soon. It has just received a Russian order. The first consignment of 15,000 mixers bearing the now familiar logo of a *gopi* churning butter will leave shortly.

Nath is preoccupied with his export schedules and launching of new products. Of course, he has big plans. Microwave ovens could be the next step and more hi-tech products too. Perhaps it's time to give the *gopi* a modern, new look to match this.

■ REENA P. RAO

NORMAK FASHIONS

Tapping a virgin market

At the Eros cinema theatre in Bombay, where *Pretty Woman* is being screened, the *Estelle Face of '91* contest attracts considerable attention. Every Saturday, five members of the audience at the 1.30 pm show are chosen for the final round. This rather innovative marketing strategy comes from a large-scale manufacturer of branded imitation jewellery. Estelle is the chosen brand name and Hyderabad-based Normak Fashions Pvt Ltd is its maker.

Until Estelle entered the scene, Indian women on the lookout for good quality imitiation jewellery had to shop abroad or settle for unbranded products of the not-so-perfect quality. Normak Fashions is a collaborative venture with Normak Canada. The Canadian company, considered to be the country's largest maker of fashion jewellery, supplies its Indian counterpart with the latest in international designs. Since labour constitutes 30 per cent of material costs, producing them is far cheaper here. Under the agreement, Normak is to buy back 25 per cent of the Indian company's produce. The range consists of 5,000 rings, bangles, earrings and necklaces, some set intricately with pearls, crystals and imported lacquer, prices ranging from Rs.25 to Rs.2,000.

Man behind the venture

"It all began with the dissatisfaction of working for a Marwari firm," says soft-spoken Gusti Noria, the man who runs this venture with his wife Mita. For a year, he tried marketing an electrical safety product with a friend. When his NRI cousin proposed introducing designer jewellery in India, he did not exactly jump at the idea. He was more cautious. He employed a firm, Research and Consultancy Group, to study fashion jewellery trends and buying patterns in India. The study showed that everyone earning above Rs.1,500 bought some fashion jewellery and that India was a virgin market. Besides a growing Indian market, there was, in addition, a tremendous export potential.

With a capital of Rs.80 lakh, of which Rs.55 lakh was borrowed from the Andhra Pradesh State Finance Corporation (APSFC), Normak Fashions Pvt Ltd began to take shape on a family property at Uppal, Secunderabad. But it took a year to implement the project. Noria complains bitterly of bureaucratic delays at every stage. One serious consequence of this is India's small presence in the North American market. Though that country is the largest importer of fashion jewellery from the Orient, India does not feature as a major supplier.

The process of manufacturing is fascinating. Moulds are made by vulcanising rubber and preparing a cast by the centrifugal process. The alloy is indigenous. Assembling, sorting and machine polishing follow. The metallic jewellery is first dipped into an alkaline solution which removes all impurities, next into a neutralising acidic solution and finally into molten gold. Holding them under running water removes any excess gold dust. The jewellery is then dried before packaging.





A final check and (inset) Mita and Gusti Noria: beginning a trend

Intricate handwork

Of the 120 workers, more than 50 per cent are women. This is perhaps because of the intricate handwork involved — stones have to be glued on, stringent quality checks made, etc. The installed capacity is for 50,000 pairs of earrings, 5,000 necklaces, bracelets and brooches in over 500 styles per month. Working in one single shift, production is valued at Rs.2 crore per day.

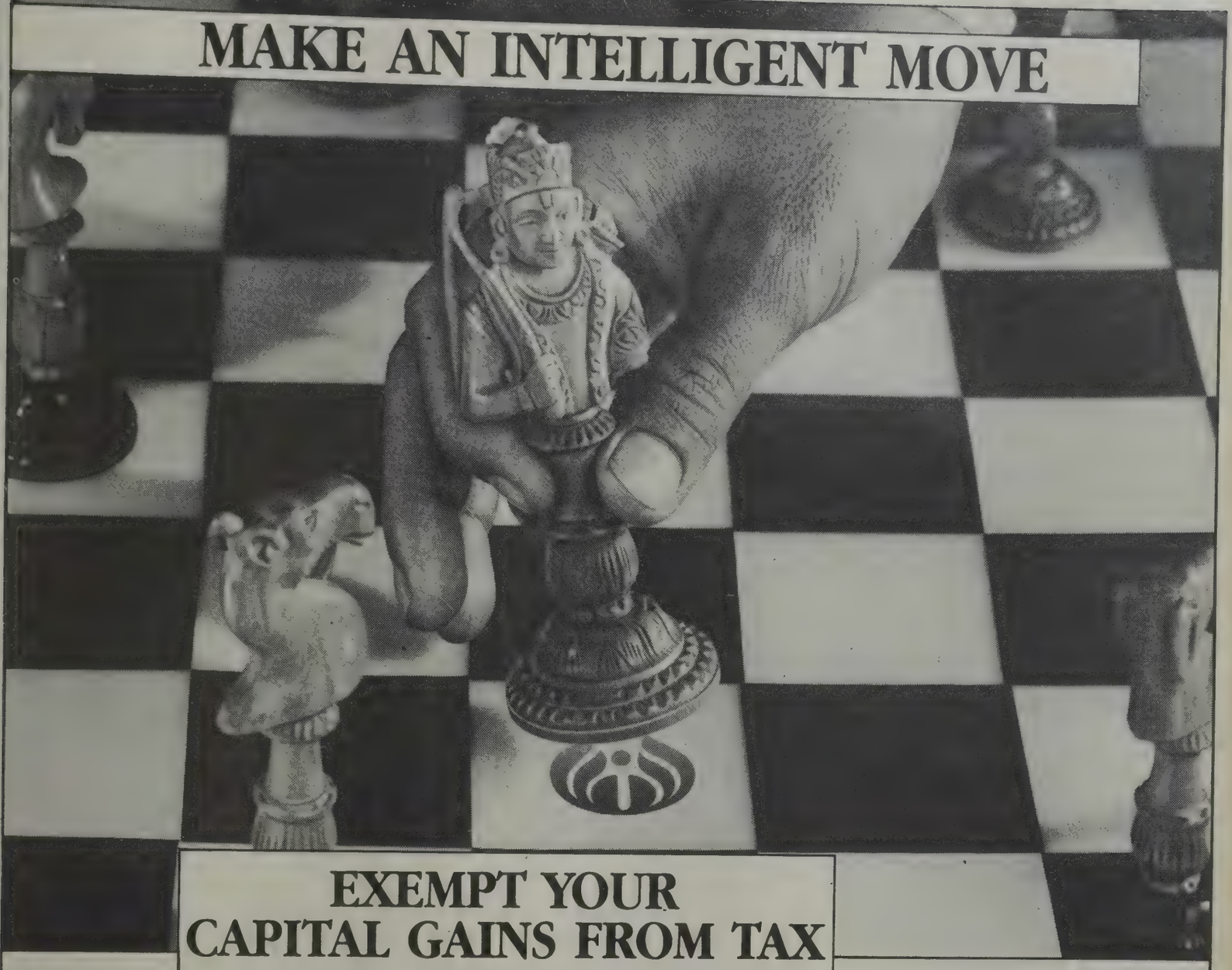
All that glitters however, is not so easily sold. And the next area requiring smoothening was product positioning. A preview exhibition revealed that a brand name, proper packaging and adequate display were needed. This would lend credibility to the product and set it apart from other similar imitation jewellery.

Within a year, distributors and exclusive showrooms were set up in Bombay, Bangalore, Hyderabad, Pune, Madras, Delhi, Indore, Nagpur and Aurangabad. One range is introduced at a time. "After a while the customer asks, what next? Then we launch our next range. In Bombay, for example, we have launched our fifth range," says Noria. The next launch will be in Calcutta, after which the plan is to move to the smaller cities like Madurai and Coimbatore, where a large untapped market exists. Plans are on to link up with a large textile agency for distribution. Other plans include the introduction of colourful and safe fashion jewellery for children.

In the West, fashion jewellery manufacture has moved from its position as a cottage industry to a highly sophisticated fashion accessory industry. With Estelle a new trend has begun here too.

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J.K. Industries

Reasonably good results in spite of the industry not performing well; fall in profit margins; increase in dividend

Higher input costs and increased competition have created problems for the tyre industry lately. A fact reflected in the results of J.K. Industries for 1989-90.

Raw material costs have increased by 12.43 per cent from last year. This is attributed to the shortage of nylon fabric and polybutadiene rubber, which meant high cost imports.

While gross sales are up 17.71 per cent from Rs.276.38 crore to Rs.325.33 crore, gross profit is down from Rs.34.60 crore to Rs.28.25 crore. Gross profit margins have also declined from 12 to 9 per cent.

The net profit is Rs.16.63 crore as compared to Rs.17.74 crore last year. This is in spite of the fact that provision for tax is Rs.0.90 crore as compared to Rs.4.30 crore last year. Surprisingly, the company has not provided for tax for the months from April to June 1990.

J.K. Industries *(Rs crore)*

Year Ended	30 Jun '90	30 Jun '89	% change
Gross sales	325.33	276.38	17.72
Other income	6.78	11.34	-40.21
Raw materials' cost	143.65	127.77	12.43
Employee costs	11.01	9.79	12.46
Interest	7.25	4.92	47.36
Gross profit	28.25	34.60	-18.35
Depreciation	10.72	12.56	-14.65
Tax	0.90	4.30	-79.07
Net profit	16.63	17.74	-6.26
Equity capital	14.04	14.04	
Reserves & surplus	79.63	70.43	13.06
Dividend (%)	30.00	25.00	
Market price: (Rs)			
Current	72.00		
1990: High	75.00		
Low	45.00		

The company however expects to do better during the current year, due to an improvement in both productivity and efficiencies. Accordingly, the company has decided not to cut back on the dividend and is in fact increasing it to 30 from 25 per cent last year.

Expansion and diversification plans are also underway. A new tyre plant with a capacity of 1.5 million tyres per annum is being set up. In the first phase, 569,000 tyres will be produced at a cost of Rs.130 crore. Diversification into other areas, namely hybrid and high-yielding seeds has already begun, and plans to set up research and testing laboratories and seed processing plants are on.

A project for manufacturing 7-ADCA and semi-synthetic cephalosporins, the latest range of life-saving antibiotics is also being undertaken. Exports have increased over 250 per cent this year, and the FoB value of foreign exchange earnings is Rs.52.63 crore.

The company is also planning a Rs.30-crore plant to manufacture flavoured milk and yoghurt.

Hindustan Lever

1:2 bonus; dividend up seven points; margins stagnant; downtrend in DAP made up for by performance of other divisions; biopolymers project commissioned

Hindustan Lever, living up to the good distribution image normally associated with FERA companies, has announced a 50 per cent bonus (1:2) along with improved results for the year ended December 1990.

Higher volumes in soaps, steady growth in detergents and higher average price realisations/tonne for personal products and tea all served to offset the impact of lower volumes in the diammonium phosphates (DAP) division. This was due to constraints in availability of imported phosphoric acid which took its toll on all DAP units in the industry. Overall sales went up by 19 per cent to Rs.1,201.15 crore while margins at operating and gross levels remained static at 12.2 per cent and 10.7 per cent respectively. Export turnover grew by 24 per cent to Rs.162 crore. (While earnings in foreign exchange were Rs.149.79 crore, value of imports on CIF basis was Rs.72.35 crore.) Exports mainly comprised branded consumer products including toothpaste, cosmetics and agricultural products.

Hindustan Lever *(Rs crore)*

Year Ended	31 Dec '90	30 Dec '89	% change
Gross Sales	1201.15	1008.17	+19
Other income	5.98	2.97	+101
Raw materials' cost	809.78	656.25	+23
Employee costs	70.98	50.51	+41
Interest	18.31	17.51	+5
Gross profit	127.99	105.08	+22
Depreciation	17.25	15.47	+12
Tax	44.89	34.64	+30
Net profit	65.85	54.97	+20
Equity capital*	93.32	93.32	
Reserves & surplus	162.06	135.20	
Dividend (%)	42.00	35.00	
Market price: Rs			
Current	164.00	(4 Apr '91)	
1990: High	173.00		
Low	101.00		

Equity capital after the 1:2 bonus will go to Rs.139.98 crore

On an equity base of Rs.93.32 crore, the company earned Rs.7.06 per share against Rs.5.89 last year and will distribute Rs.4.20 per share as dividend as against Rs.3.50 last year. Payout at 60 per cent remains almost the same.

The company has made a provision of Rs.8.03 crore in respect of retirement pensions on the basis of actuarial valuation. It has also provided for liability on account of social security and rehabilitation schemes for employees' voluntary retirement. All this has been done without discounting the cash outflows of future years.

Had they continued accounting for these items on the basis followed in earlier years, the profit before tax would have been higher by Rs.12 crore. Under contingent liabilities, net claims made against the company not acknowledged as debts amount to Rs.36.89 crore. Upto 31 December 1982, such items which were provided for have been retained and carried forward, pending formal disposal of the company's cases.

During the year, the Functionalised Biopolymers project at Pondicherry was commissioned. This will cater to the needs of the paper, textiles and foods industry. While the LAB project will not take off till the supply of raw material is resolved, steps are being taken to implement the 30,000 tpa synthetic detergents plant at Andhra Pradesh. Expected to be commissioned this year are two 30,000 tpa plants for manufacturing toilet soaps, at West Bengal and Pondicherry. The first phase of the 10,000 tpa plant is also expected to be commissioned in the current year.

While implementation of all these projects will exert cost pressure on margins in the current year, the full impact in terms of contribution to turnover and profits will be felt only from the next year onwards.

Moving between a low of Rs.52 and a high of Rs.212 in the last five years, the scrip now quotes at Rs.164 (cum bonus as on 4 April 1991) discounting earnings 23 times.

Mangalore Chemicals & Fertilisers

Dismal results, main products lose out in sales; company trying hard to gather funds for rehabilitation

Mangalore Chemicals & Fertilisers (MCF) has produced dismal results for the 18 months ended September 1990. On an annualised basis, sales have come down by 33 per cent, interest cost by 27 per cent, while both employee costs and depreciation have increased by 31 per cent. Gross profit has shown a marginal growth of 7 per cent. Whilst poor results have caused the company to withhold dividend, the equity capital has jumped fourfold from Rs.12.45 crore in March 1989 to Rs.59.72 crore for September 1990. The increase has been due to the issue of 17.2 million equity shares of Rs.10 each at par and 30 million shares of Rs.10 each towards conversion of loans and outstandings.

Mangalore Chemicals & Fertilisers *(Rs crore)*

Year Ended	30 Sept '90 (18 months)	31 Mar '89	% change (annualised)
Gross sales	225.18	223.95	-33
Other income	0.84	2.45	-77
Raw materials' cost	89.22	80.51	-26
Employee costs	12.27	6.26	+31
Interest	36.26	33.07	-27
Gross profit	11.51	7.14	+7
Depreciation	14.54	7.39	+31
Net loss	39.29	33.32	-21
Equity capital	59.72	12.45	+379
Reserves & surplus	0.17	0.17	
Market price: Rs			
Current	13.00		
1990: High	23.00		
Low	10.00		

The company's main products are urea, diammonium phosphate (DAP) and ammonium bicarbonate (ABC). There has been a drastic reduction in the capacity utilisation of both urea (down by 24 per cent) and DAP (down by 38 per cent) causing a commensurate drop in production. Raw material costs are also down by 26 per cent on an annualised basis.

Whilst urea production fell due to a variety of reasons including the failure of the urea plant HP condenser, DAP production suffered a set-back due to the non-availability of imported phosphoric acid. This the company blames on changes in government policy. Even though ABC production saw a 5 per cent increase at 3,084 mtpa, according to statements in the annual report, production was affected due to problems with the main plant.

Karnataka accounts for 70 per cent of the total sales of urea and DAP, both of which the company markets under the brand name *Mangala*. The company is yet to be declared sick and is trying hard through further issues of equity shares and loan packages from financial institutions to obtain funds for the maintenance of its various manufacturing facilities. Between them, IDBI, IFCI, ICICI and IRBI have already sanctioned rupee term loans of Rs.23.40 crore to the company. Once again, MCF is trying to obtain a collective loan of Rs.6.60 crore from IDBI, IFCI and ICICI for the replacement of its HP carbonate condenser.

The company intends making yet another issue of 15 million equity shares of Rs.10 each, on a rights basis to its shareholders and an issue of 300,000, 13 per cent, redeemable preference shares of Rs.100 each. Of the present share capital, 25 per cent is held by government companies, banks, insurance companies and financial institutions. The UB group, chaired by Vijay Mallya, holds 16 per cent of MCF's equity capital.

Even though the total inventory of fertilisers has been brought down by 146,000 mt over the previous year's figures, the company has high inventory carrying costs. As per auditors' notes, provisional claims made by the company towards inventory carrying costs for Rs.28.6 crore, are pending acceptance.

Interestingly, last month, the UB group offered to buy back the shares of MCF from the existing shareholders at par.

TRENDS

Blow Plast

Blow Plast Ltd has announced very good results for the six months ended 31 January 1991. Net sales and gross sales increased by 21 and 241 per cent, respectively, over the corresponding period last year. Net profits rose steeply by 337 per cent and stand at Rs.1.08 crore as against Rs.0.43 in the corresponding period last year and Rs.1.08 crore for the full year ended July 1990. According to K. Dasgupta, general manager, finance, of Blow Plast Ltd this excellent performance can be attributed to several factors. The first of these is the good performance and interim dividend announced by VIP Industries in which Blow Plast has a more than 45 per cent share. The second is a rise in volumes due to larger rural penetration. Streamlining of the market is the third. And cutting down of discount wars of the past the fourth. The net profit margin for the period is 3.21 per cent compared to 0.89 per cent for the corresponding period last year and 1 per cent for the full year 1989-90. The company expects to better its performance in the next six months.

Blow Plast *(Rs crore)*

Period	Aug '90-Jan '91	Aug '89-Jan '90	Aug '89-Jly '90
Net sales	58.62	48.42	107.50
Other income	1.44	0.18	0.85
Total income	60.06	48.60	108.35
Raw materials' cost	41.66	33.93	76.15
Salaries and wages	1.82	1.29	2.97
Operating profit	3.47	1.61	4.23
Interest	0.47	0.75	1.15
Gross profit	3.00	0.86	3.08
Depreciation	0.37	0.43	0.83
Tax	0.75		1.17
Net profit	1.88	0.43	1.08
OP/Sales (%)	5.92	3.33	1.07
RM/Sales (%)	71.07	70.07	70.84

Apple Leasing and Industries

Apple Leasing and Industries Ltd has announced its six-monthly results for the

Apple Leasing and Industries *(Rs crore)*

Period	Jly '90-Dec '90	Apr '89-Sept '89	Jun '90 (15 ended months)
Net sales	12.1		20.89
Other income	0.01		0.22
Total income	12.11	6.73	21.12
Salaries and wages	1.11		1.90
Other expenses	2.72		5.63
Operating profit	8.28		13.64
Interest	3.51		5.07
Gross profit	4.77	2.93	8.57
Depreciation	2.22		3.02
Net profit	2.55	1.6	5.56
OP/Sales (%)	68.37		65.3

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period July to December 1990. Compared to the first six months of the previous year, ended 30 June 1990, turnover has increased by 79 per cent. Gross profit has increased by 62 per cent from Rs.2.93 to Rs.4.77 crore. Depreciation shot up by 117 per cent and net profit has upped by 58 per cent from Rs.16 crore to Rs.2.54 crore.

Even though turnover has increased substantially, net profit margins have fallen from 23.77 to 21.07 and gross profit margins have declined from 39.42 to 43.53.

The company is engaged in information technology, financial services and software exports. Early this year the company made an issue of convertible debentures which aggregated Rs.12.65 crore from the public and Rs.8.4 crore, including a 15 per cent over subscription, from the rights issue. The company's current share price is Rs.36 and the scrip is being actively traded discounting its earnings by around five times.

Govind Rubber

Govind Rubber Ltd, the manufacturer of rubber tyres and tubes, has posted encouraging results for the six months ended September 1990. Sales increased by 25 per cent while gross profits shot up by 115 per cent. Net profits also increased by nearly eight times. There is no tax liability expected for the current and the next year.

Since the second half is considered to be the busy season for the industry, the results are expected to be even better.

Govind Rubber *(Rs crore)*

Period	Apr-Sept '90	Apr-Sept '89	Apr '89-Mar'90
Net sales	27.12	21.71	48.19
Other income	0.31	0.26	0.55
Total income	27.43	21.97	48.74
Raw materials cost	18.16	14.78	32.70
Salaries & wages	1.37	1.05	2.28
Other expenses	6.37	5.29	11.68
Operating profit	1.53	0.85	2.08
Interest	0.52	0.38	0.91
Gross profit	1.01	0.47	1.17
Depreciation	0.40	0.38	0.75
Tax	—	0.01	0.06
Net profit	0.61	0.08	0.36
OP sales (%)	5.64	3.9	4.31
RM/sales (%)	66.96	68.08	67.86

The whole year's turnover is expected to be around Rs.60 crore. Exports for the six months under review went up from Rs.1.47 to 3.52 crore and is expected to touch Rs.8 crore by the end of this financial year. Annualised EPS has shot up from Rs.0.99 to Rs.8.18 on a Rs.10 share during the same period.

RIGHTS ISSUE

Alkyl Amines Chemicals

The Bombay-based Alkyl Amines Chemicals Ltd (AACL) is setting up a new plant at Patalganga to manufacture ethylamines and methylamines. This expansion-cum-diversification, expected to cost Rs.15.5 crore, is being set up in technical collaboration with Acid Amine Technologies Inc of the US.

To part finance the project and to meet other capital expenditure, the company is making a simultaneous rights issue of partly convertable debentures (PCDs) and non convertible debentures (NCDs). The company is offering 332,520 14-per-cent PCDs of Rs.145 each, aggregating Rs.4.82 crore, and 110,000 14-per-cent NCDs of Rs.100 each, aggregating Rs.1.10 crore. The company proposes to issue six PCDs for every 25 equity shares and one NCD for 12 equity shares held.

The PCDs will comprise of two parts. Part A of Rs.45 will be converted into one equity share of Rs.10 at a premium of Rs.35. The conversion will take place at the end of six months from the date of allotment. Part B of Rs.100 is nonconvertible and will be redeemed in three annual instalments of Rs.30 and Rs.35 at the expiry of sixth, seventh and eighth year respectively, from the date of allotment of the PCDs. The NCDs will be redeemed together with a redemption premium of Rs.5 per NCD at the expiry of the seventh year from the date of allotment.

The company was promoted in 1979 and had teething trouble for eight long years. Now it seems to be on its way to recovery with net sales of Rs.8.70 crore and net profit of Rs.1.53 crore for March 1990. Result for the ten months ended January 1991 have shown a growth in both sales and profit at Rs.11.01 and Rs.1.46 crore respectively.

AACL is managed by the Kotharis who also run DSP Financial Consultants Ltd.

According to AACL's chairman Yogesh Kothari, "the company has been making profits since 1985 and has even declared dividends in the last two years."

AACL's existing capacity for ethylamines and methylamines is 3,200 million tonnes per annum (mtpa). Once the new plant goes on stream in September 1991, this will increase to 8,500 mtpa. The main strength of the plants is their combined capacity to produce both ethylamines and methylamines.

The company has recently started exporting its products. "Exports for this year were a mere Rs.20 lakh but should double next year," says Kothari.

At a capacity utilisation at 85 per cent the existing plant has a growth rate of about 25 per cent. The new plant will add around Rs.5 crore to turnover according to Kothari.

The current issue will increase the equity capital only marginally by Rs.34 lakh from the present Rs.1.33 crore. But for the shareholder it will mean getting a share for Rs.45 against a current market value of Rs.120.

RESULTS ANNOUNCED

Sandvik Asia

Sandvik Asia, a FERA company and a leading carbide tools manufacturer has turned in good results for the year ended December 1990. On a turnover of Rs.61.14 crore (up 23 per cent), Sandvik has posted a gross profit margin of 19 per cent (up by 5 percentage points). On an equity base of Rs.5.78 crore, the company has doubled its EPS to Rs.87.20 (face value: Rs.100) and stepped up dividend by 5 percentage points to 30 per cent. Payout has been relatively conservative at 34 per cent as against 57 per cent in the previous year. The scrip quotes at Rs.1,325 (2 April 1991) which discounts the current earnings 15 times.

E. Merck (India)

E. Merck has announced disappointing results for the year ended December 1990. The good news is that it has simultaneously come out with a 1:2 bonus issue proposal. Though sales rose by 28.5 per cent to Rs.84.12 crore, margins have suffered with gross profit margin declining by 2.5 percentage points to stand at 4.6 per cent. This has been attributed to higher input and interest costs and a decline in the value of the rupee. On an equity base of Rs.5.94 crore, the company has earned Rs.3.27 per share and will distribute Rs.2 per share as dividend. This is against last years EPS of Rs.5.24 and dividend of Rs.2.50. The scrip quotes at Rs.95 (2 April 1991), which gives a P/E ratio of 29.

Asea Brown Boveri

For the year ended December 1990, ABB's turnover has risen by 11 per cent to touch Rs.228.38 crore while profit margins at gross and net levels have also increased. Gross profit has gone up by 67 per cent to Rs.16.64 crore, yielding a margin of 7.3 per cent up by 2.5 percentage points. On an equity base of Rs.9.86 crore, ABB has earned Rs.8.64 per share of face value Rs.10. This is against Rs.5.59 in the previous year. The scrip now quotes at Rs.147.50 (3 April 1991) discounting these earnings 17 times.

Ponds (India)

This Unilever group company, a dominant player in the health care industry, has improved its performance for the year ended December 1990. Ponds earned a gross profit of Rs.9.55 crore on a turnover of Rs.125.45 crore, posting a margin of 7.6 per cent. On ex bonus equity of Rs.10.01 crore, the company has both stepped up EPS to Rs.7.56 from Rs.6.05 and has maintained its dividend at Rs.3.75 per share. This amounts to an EPS of Rs.11.33 and a dividend per share of Rs.5.60 on cum-bonus equity. Payout in line with a better bottomline has eased to 50 per cent from 62 per cent. The scrip is now quoting at Rs.192.50 (3 April 1991) giving a P/E of 25.

IN BRIEF

Jayant Vitamins is in the red. For the six-months ended December 1990, the company has notched a gross loss of Rs.98.54 lakh against a reverse of Rs.29.65 lakh in the corresponding period last year.

Bhopal Sugar plans to re-enter the capital market with a premium equity shares at issue of Rs.20 per share aggregating Rs.2.10 crore.

Goetze (India) is going in for an expansion cum diversification programme for which it plans to issue debentures on a rights basis in the last quarter of 1991.

Escort's total turnover for the year ended March 1991 is estimated at over Rs.974 crore with pre-tax profit expected to increase by 53 per cent.

Polar Latex is slated to begin commercial production shortly. Its trial runs have been highly successful.

Shreyans Paper Mills plans to issue partly convertible debentures on a rights-cum-public basis to part finance its proposed project for the manufacture of cotton yarn.

Modi Xerox has proposed an interim dividend of 10 per cent for the year ended March 1991.

Vadilal Industries is now diversifying into the manufacture of machines for the dairy industry and turnkey projects for refrigeration plants.

Indofil Chemicals is likely to post a net profit of Rs.4.50 crore for the year ended March 1991.

Swaraj Mazda's sales have dropped marginally to Rs.39.07 crore for the six months ended September 1990 as against Rs.38.66 crore for the same period last year.

MICO has maintained its dividend at 14 per cent for the year ended December 1990.

Brooke Bond has proposed to issue bonus shares in the ratio of 1:3.

Reckitt & Colman have proposed a dividend of 47.5 per cent for the year ended December 1990.

Arihant Fabrics has declared a 25 per cent interim dividend for the year ended March 1991.

KEC International, an RPG group company, has secured an order from the North Eastern Electric Power Corporation for supply of towers and erecting transmission lines from Baipara to Bongaigaon and from Kathalguri to Mariani, all in Assam. The estimated value of these orders is about Rs.38 crore.

Tata Kothari Steels promoted by Kothari Industrial Corporation of the D.C. Kothari group is setting up a Rs.50 crore pig iron manufacturing project in association with Tisco, for which it will tap the capital market.

Andhra Pradesh Power Tools is setting up a Rs.100-crore power tools project in Andhra Pradesh, and is likely to go public in July this year.

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STOCKMARKET REVIEW

A puzzling oddity

(For the period 25 March 1991 to 6 April 1991)

	6/4	23/3	per cent change over fortnight	year
BSE Sensitive Index	1218.12	1171.59	+4.0	+58.0
BSE National Index	610.22	591.18	+3.2	+46.1
Vol (Rs.cr) for fortnt. ended	76.18	91.50	–16.7	–35.3

The rise in the stockmarket over the fortnight under review continued to be at odds with the country's economic situation and with analysts' expectations. With turnover figures oddly in contrast with the market's movement, things appeared more puzzling.

For those on the trading floor, it was a piece of magic resulting from an individual's actions. This person, who had been a big buyer of ACC when it had crossed Rs.1,600 last September, has apparently received a huge dollop of funds from some cash-rich public-sector institution and has been investing steadily in shares likely to perform well this year, such as ACC and Raymond Woollen. The amounts, mentioned in hushed tones, exceeded Rs.100 crore and the cash-rich institution was rumoured to be an oil producer.

Brokers' experts. Given the expertise of brokers in the "after this, therefore because of this" sort of explanations, and given that the individual concerned was trading via proxies, the reason was impossible to verify or dismiss. Nevertheless, it explained why a small number of shares with an expected good performance rose sharply while the overall trading volume was down. This explanation also accounted for the bulk of activity being in scrips with large capital bases (such as Telco) where large block purchases by individuals are possible.

To economists in air-conditioned offices, the situation was a result of the unexpected crash in call money rates in March. This had led mutual funds to withdraw from the call money market and place them in stockmarkets instead. Also, the equity linked saving schemes (Elsies) raised a healthy Rs.525 crore (but below the institutional expectation of Rs.1,000 crore and even below the market's expectation of Rs.600 crore). However, enquiries revealed that mutual funds had not been actively investing after the close of the financial year — which is when the market took off. The Unit Trust was, in fact, reportedly selling.

To the eagle eyed, it was all a matter of the "April effect". According to their theory, the market zooms every April because it marks the start of a new financial year. The reason for such April cheer is that most investors complete their tax-planning in March and are reluctant to take new purchase positions for fear of incurring unexpected losses while still in the old financial year. Come the new year, and there are still 12 months to plan taxes. So one can proceed with buying.

Has this occurred every year? In 1989, the BSE Sensitive Index had risen by 67 points in April to 780. In 1990, it had also risen, but moderately, by 15 points to 795. Of course, the economic situation and the budget had been more favourable in each of those years.

In fact, the unfolding of the economic situation continued to reveal a grim situation. Although the RBI modified its harsh import curbs, this led to confusion. Most corporate results that were announced showed that the second half of 1990 was dismal even though the year-by-year-comparisons made were favourable.

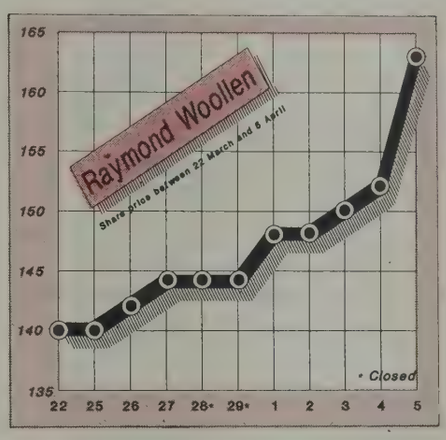
Volatile scrips. Among the unusually active scrips was Raymond which rose sharply over the fortnight (*see chart*). The scrip was quoted in kerb for the first time this year. Tata Locomotive was also firm on good year-end performance expectations as was GSFC. The former rose to Rs.201.25 from Rs.172.50 (+16.7 per cent) while GSFC rose to Rs.195 from Rs.177.50 (+9.9 per cent). Century Textiles and ITC were also firm on bonus expectations. On the other hand, Tata Steel which rose to Rs.166 from Rs.158.75 and Reliance which rose to Rs.127.50 from Rs.122.50 merely kept pace with the market. Bajaj Auto was another moderate gainer at Rs.590, up from Rs.575 (+2.6 per cent).

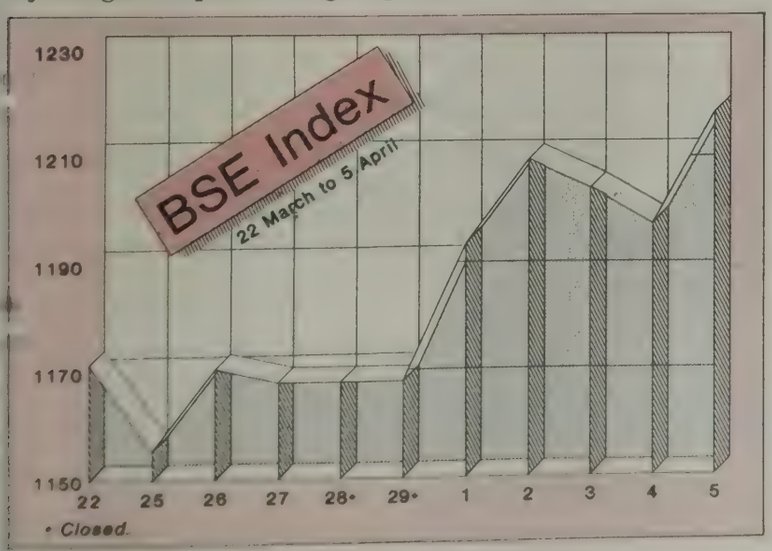
In the cash list in Bombay, Jindal Strips rose sharply to Rs.230 from Rs.195 (+17.9 per cent). Another Jindal group company, Saw Pipes rose to Rs.79 from Rs.63 (+25.4 per cent) following a positive report in a financial daily. Most of the cash activity was, however, concentrated in cement and cotton textile shares.

Meanwhile, the BSE announced the delisting of 28 companies for three days from 8 April to 10 April because of the companies' not having submitted their six-monthly 30 June 1990 results. The BSE's action came too late, apart from its efficacy being dubious. Since 10 of the 28 companies are investment companies, they are possibly tax-shelters for their promoters.

The fortnight ended with stock prices unaffected by rumours of the raising of interest rates in the credit policy to be announced on 19 April. Most brokers were confident that this was not another bubble in the making. Unfortunately, most brokers had felt the same way last October. ■

RAFIQ DOSSANI





INVESTCARE

Exclusive service

After the launch of its 'Investcare' services in Bombay early last year, ANZ Grindlays are now offering their expertise to Calcutta stockmarket afficionados. Says Shakti Saran, manager, Investcare, "Investcare is the most comprehensive personal portfolio management service in the country."

The gamut of services offered ranges from buy/sell advice to applying for new issues on behalf of the client, from keeping the investor informed about the daily market movements to even advancing money against securities.

Stressing on professionalism and exclusivity, Lance Cooke, general manager personal banking says, "Our service is aimed at top market personnel. It is not for the masses." At present, Investcare



Cooke: not for masses

manage portfolios aggregating Rs.6 crore, though the actual turnover is not specified. The service handles only individual portfolios.

Client satisfaction. At the time of the launch, the minimum value of the portfolio was Rs.1 lakh which has since been revised to Rs.5 lakh. Plans are on to increase the limit. Justifying this move Cooke says, "This is a very paper-intensive service and we want to do justice to our clients."

Elaborating on the service, Saran emphasises quality of production and says that all the technical data is developed in-house. These include the software packages on share price movements and company fundamentals. Clients use them to get information in the form of a monthly newsletter or weekly/quarterly valuation reports, etc.

Investcare Calcutta will run along the lines of its Bombay counterpart. Says Rajesh Malkani who is in charge of the Calcutta operations, "The minimum value of the portfolio we accept will be Rs.3 lakh. Our turnover will depend on market conditions."

Portfolio management services are here to stay. Now, it is up to performance and client satisfaction to determine the success of the service. Investcare already faces competition from State Bank of India's Personal Banking Division and the popular Vysya Bank.

However, Cooke is confident of Investcare's analysis of the market and its operations. "We are ready to promote our services all over India," he says.

■ MANALI RESHAMWALA

SHARE OWNERSHIP

A middle class phenomenon

Sponsored jointly by the Securities & Exchange Board of India, SBI Caps, Canfin and BSE, a survey on Indian shareholders was carried out in mid-1990. Around 60,000 interviews were conducted. Compiled and presented by L.C. Gupta, director of the Society for Capital Market Research and Development, the study highlights features that could be of use to issue managers who advise clients on the choice of an instrument and also to investment bankers who devise an ideal mix for their clients. It could also help new policy formulation and regulation.

The study estimates that there exist around 3.8 million households owning shares and 9 to 9.5 million shareholders. This covers only about 2.5 per cent of Indian households. In terms of geographical spread Gujarat topped the list, followed by Rajasthan, Maharashtra, Kerala and Karnataka while Bihar and Assam were at the bottom.

Share ownership has been more a middle class phenomenon in the last decade, participation being from nearly 40 per cent of the educated middle and upper class households. Also, two-thirds of today's shareholders have entered the stockmarket for the first time after 1980; a higher proportion of them are from among the lower middle class and the younger people.

The extent of diversification was found to be grossly inadequate in a majority of shareholders, exposing them to a considerable unsystematic investment risk (chance element) which in turn leads to a distinctly higher incidence of unsatisfactory investment experience. This was true also for small sized portfolios. The survey has defined diversification in terms of number of companies rather than an industry-wise classification.

Experiences on investment performance were found to be systematically related to a number of inter-related factors like income level, occupational class and educational level. Contrary to common belief, a majority of shareholders earn no more than just about a reasonable rate of return on their investment.

In terms of risk perceptions, bank fixed deposits and various UTI/Mutual Fund schemes were perceived to be far safer than company deposits/shares/debentures. Interestingly, corporate debt securities (convertible debentures (CD), non convertible debentures (NCD) and company deposits) are nearly as risky as equity shares. Incidence of ownership of various kinds of financial assets reveal that LIC policies, national savings certificates, bank fixed deposits, employer maintained provident funds and equity shares rank topmost in the above order.

Number of companies in share portfolio of households

No. of companies	Distribution of share portfolios (%)
1	13.1
2	11.9
3	9.9
4-5	17.4
6-10	18.1
11-20	13.9
Over 20	15.7
Total	100.0
No. of households analysed	2844
Media for share portfolios = 4.7 companies	

In the investment area, demand for NCDs is phased out while demand for equity seems fairly strong and higher than before. Despite the image of better safety and higher return than fixed deposits, UTI/Mutual Fund schemes have not been popular among the lower income groups as among the higher income groups. It was found that the bulk of the investors who are shareholders do so for a long term, say, for periods of over three years. It is the share traders as distinct from shareholders, whose excesses lead to volatility in the stockmarket. This is one area that needs reform.



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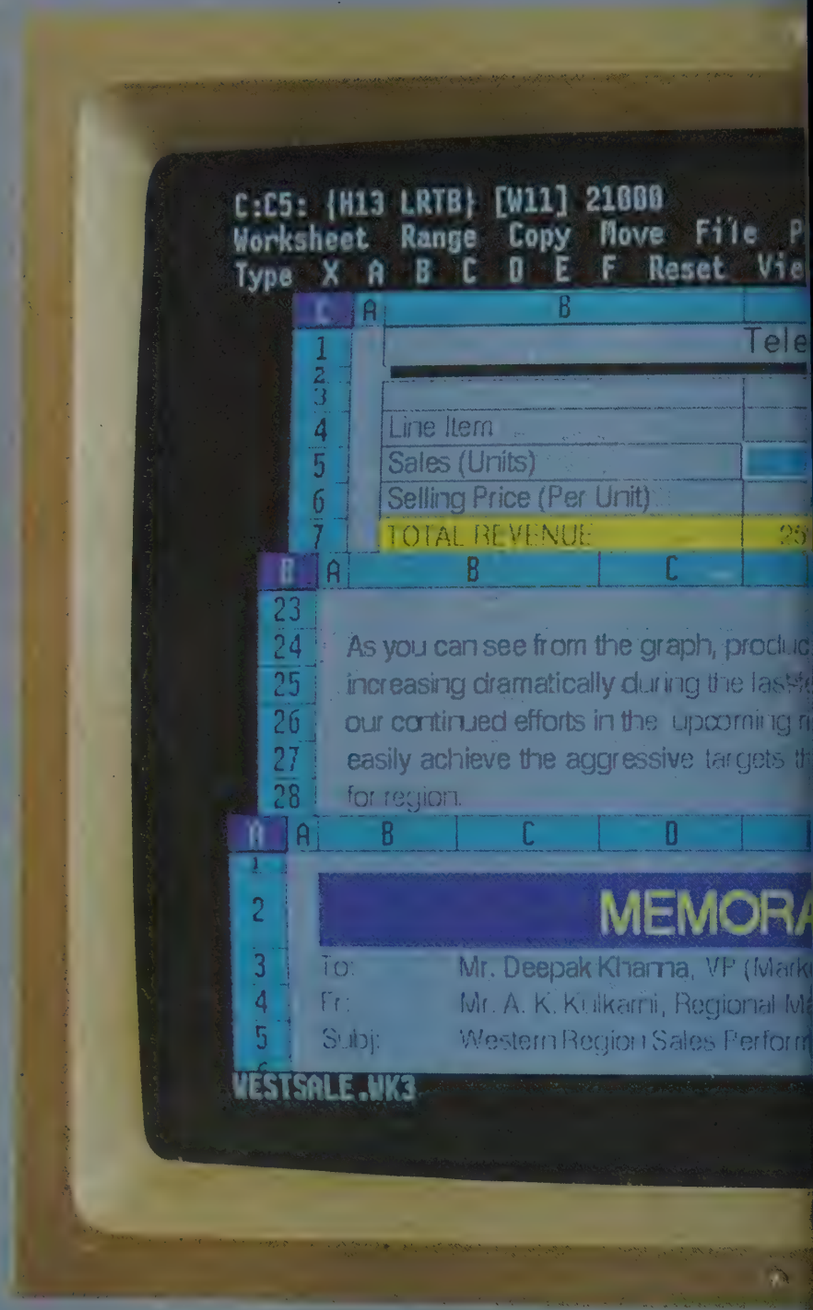
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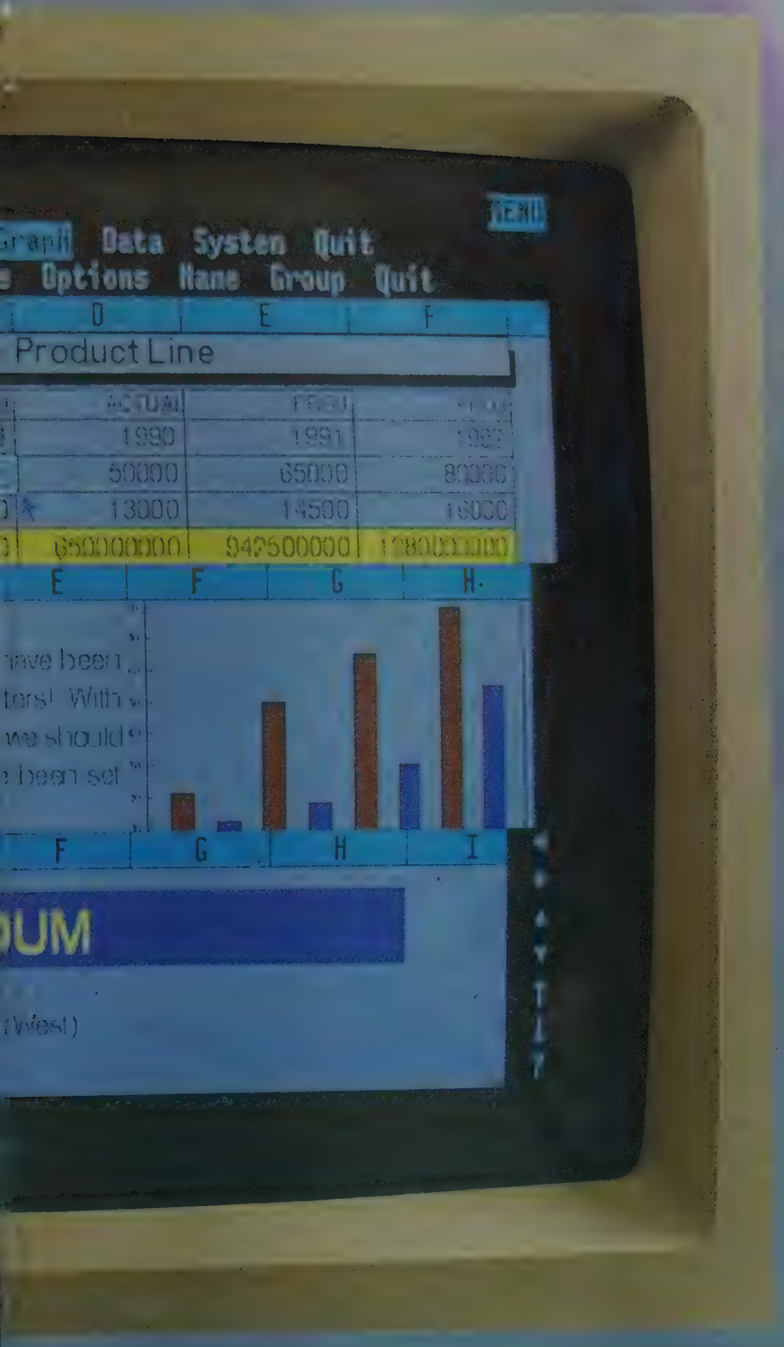


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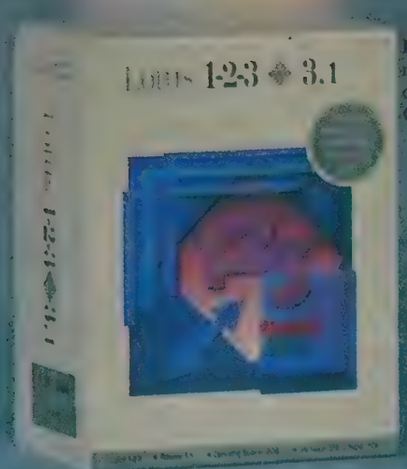
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SHARE PRICE DETERMINANTS

Earnings or dividends?

When Tata Locomotive announces its results in the third week of June this year, two figures will be keenly awaited. One is its dividend, which is expected to be 35 per cent, and the other its earnings, expected to be Rs.12 per share (on expanded capital after its recent rights issue). The effect of these two figures — more than anything else, including cash earnings or production figures — will determine the company's share price. Of course, the scrip will later move with the market 'technical factors', with company-specific factors (such as new product introductions or labour problems, if any) and with ongoing economic trends. But in the short-run, at least, earnings and dividends are usually considered the most solid basis for determining the price of any share.

But which factor — earnings or dividends — matters more for stock prices? Herein lies a fierce controversy. For fundamental analysts the debate tilts in favour of earnings, especially cash earnings. To such analysts, earnings per share are the shareholder's true profits from his investment and that is what should be valued. Dividends, on the other hand, are decided at the management's discretion and may have nothing to do with a share's true worth.

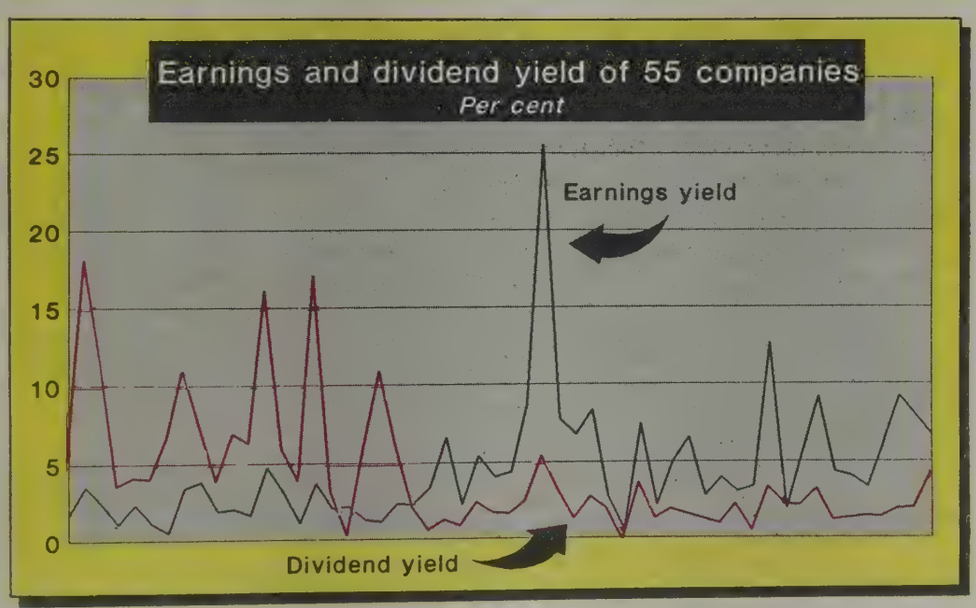
Not so, say the dividend loyalists. Although dividends are discretionary, managements do not set them at random from year to year. Most companies tend to have target payout ratios (the amount out of earnings that they will pay to shareholders) which they vary from year to year depending on their assessment of future performance. For example, when the fertiliser industry went through a bad patch in 1987-88 thanks to a bad monsoon in 1987, the southern fertiliser giant, SPIC, maintained its dividend at 25 per cent in spite of lower earnings. They were thus able to convey to their shareholders that current earnings did not show a true picture of future worth because the situation would be reversed soon. It appeared that the market responded to this, because its share price stayed steady after the results were announced — although other factors may have been at work here, especially expectations about the results versus the actual results.

Misleading shareholders

It is true that stock prices respond to dividend announcements. It is also true that this very fact is misused by some managements. Companies that wish to raise fresh money from the public will often pay a high dividend in order to mislead shareholders about the firm's prospects — a sign both of the importance of dividends to share valuation and to the problem of using it as a guide to every share's price.

In sum, to the extent that current earnings are only an imperfect guide to future earnings, dividends ought to be a more valuable guide to market prices, especially for firms with unpredictable earnings patterns.

According to analyst Vallabh Bhansali, the key, therefore, is to understand the combination of quality of management and stability of earnings. For multinationals like Colgate which have both, either dividends or earnings should be good indicators. For companies like Essar Gujarat which are expanding rapidly, dividends might be a better guide. But for manipulative companies which use dividends to mislead the market, earnings ought to be a better guide. In other words, says Bhansali, yes, dividends are better in most cases but *caveat emptor:* let the buyer beware.



An analysis of 56 larger companies confirms this view. Their earnings and dividends were compared to their stock prices on a random day (14 November, 1990). The companies chosen included all those on the forward list of the Bombay Stock Exchange which had announced their results for 1989-90 by 14 November and which had not declared losses. This ensured that market expectations of upcoming results would not be a significant influence on market prices.

The dividend yield, ie, dividend as a percentage of market price, was compared with the earnings yield of these companies. As the graph shows, while earnings yields vary greatly across the 56 companies, there is much less variation for dividend yields. A much-used statistical measure of variation called the sample variance confirms the eye-view. The variance for the dividend yield was 1.36 per cent while for earnings yield it was over 20 times higher at 30.3 per cent. In other words, the market felt more comfortable setting prices in relation to dividends than to earnings.

To test whether the difference narrowed for companies with more predictable earnings, it was decided to repeat the study for multinationals alone. This was because the bulk of the multinationals in the list were dominant in their fields and tended historically to have steady earnings from year to year.

The figures make for a striking comparison. The sample variance for earning yields drops off to 9.4 per cent while the variance for dividend yields is 1 per cent, bringing the disparity down to less than ten times.

However, the disparity still exists, and the message is clear. The market tends to use dividends as the appropriate base for valuing a stock rather than its earnings. But remember Bhansali's advice: *caveat emptor.*

■ RAFIQ DOSSANI with KALIKA DALVIE

Bombay Suburban Electric Supply

BSES is engaged in power distribution for 60 years. The new project at Dahanu is being implemented with technical assistance from NTPC and Development Consultants Ltd. Bharat Heavy Electricals Ltd will supply the major plant and equipment for the project which is expected to be completed by the end of March 1995.

BSES	
Issue opens	: 22 April 1991
Size of the issue	: Rs.100 crore
To Indian public	: Rs.29.44 crore
Instrument	: Fully convertible debentures of Rs.125 each for cash at par
Promoter	: A professional group headed by M.L. Shishoo, chairman and managing director of BSES
Project	: To set up two power generating units of 250 MW each
Cost of project	: Rs.991 crore
Plant location	: Dahanu, dist Thane in Maharashtra
Listing	: Bombay, Ahmedabad, Bangalore, Calcutta and New Delhi

The total project cost is Rs.991 crore. The forthcoming rights-cum-public issue of fully convertible debentures is expected to raise Rs.100 crore. Each debenture of Rs.125 each will be converted into five equity shares of Rs.10 each, at a premium of Rs.15 per share, at the end of one year from the date of allotment. This, in effect, gives a conversion price of Rs.25 per share.

Turnover and net profit have grown at an annual average rate of 14 per cent and 22 per cent respectively over the last five years. For the current year ended March 1990, BSES posted a turnover of Rs.390.20 crore, earned Rs.10.29 per share (before statutory appropriations) and paid Rs.1.80 per share as dividend.

For the half year ended September 1991, turnover was Rs.223.64 crore while net profit was Rs.8.06 crore. The company expects to close the year with an earning per share of around Rs.14.

While the Dahanu plant is expected to go on stream by end March 1991, BSES's equity is going to balloon out to Rs.51.70 crore by July 1992. Will the bottomline keep pace? Well, the plus points lie in the fact that the present power demand in the company's licensed area is about 600 MW, which is expected to rise substantially during the construction period of the power project.

Also, electricity companies are allowed to revise their tariff rates once in every financial year to cover any shortfall in clear profit. However, BSES's biggest advantage is its distribution system which caters directly to end users rather than the state electricity boards. As a result they don't have to face problems of outstandings and collections.

Ambuja Foods

The Ambuja group is familiar to investors. In the last 15 months, investors have had opportunities to own shares of Gujarat Ambuja Proteins and Ambuja Agro Industries. Ambuja Foods (AFL) which went public in September 1989 provides another chance.

Engaged in the production of wheat products and ready-to-eat foods, the company has an installed capacity of 45,000 tonnes per annum (tpa) of wheat products and 3,000 tpa of ready-to-eat products at its factory in Kadi, Gujarat. The prospectus, however, gives no description of the products.

For the year ended March 1990, sales of Rs.2.54 crore and a net profit of Rs.10 lakh was recorded. A dividend of 11 per cent was declared. As against this, sales for the half year ended September 1990 has jumped to Rs.6.74 crore while net profit was Rs.66 lakh. On an equity of Rs.1.93 crore, the EPS for September 1990 works out to Rs.3.4.

The present debenture issue offers 388,900 debentures of Rs.135 to existing shareholders on a rights basis while the public issue component consists of 611,100 debentures. As per the terms of conversion, Part A of the Rs.50 debenture will be converted into five equity shares of Rs.10 each, at par, six months from the date of allotment. The conversion terms for the balance Rs.85 will be decided two years after allotment. A good marketing strategy, adequate availability of power and sustained raw material costs, will determine the future success of the company.

Ambuja Foods	
Issue opens	: 18 April 1991
Size of the issue	: Rs.8.25 crore
To Indian public	: Rs.4.57 crore
Instrument	: Fully convertible debentures of Rs.135 each bearing 14 per cent interest
Promoter	: Vijay Kumar Gupta
Project	: To increase the refining capacity of the edible oil unit, the solvent extraction unit and to put up a seed crushing plant
Cost of project	: Rs.16.67 crore
Plant location	: Jaipur, Rajasthan
Listing	: Bombay, Ahmedabad, Delhi, Calcutta, Madras

RCS Vanaspati Industry

RCS Vanaspati Industry Ltd is an existing profit-making company engaged in the manufacture of vanaspati under the brand names, Maharaja, Veena and Rama.

In 1971, this plant was part of the Ramuggar Cane and Sugar Co Ltd, but in 1984 S.S. Sharma, RCS Vanaspati's chairman, converted the division into a new company called RCS Vanaspati Industry Ltd. For the six months ended 30 September 1990, the company earned a profit (after tax) of Rs.64.99 lakh on a paid-up capital of Rs.78.97 lakh.

Recently an amount of Rs.189.30 lakh was spent on a modernisation-cum-expansion programme increasing the installed capacity from 32 to 50 tonnes per day. The company is now setting up a solvent extraction plant with an installed capacity of 60,000 tpa in its existing premises at Jaipur at an estimated cost of Rs.3 crore.

RCS Vanaspati Industry	
Issue opens	: 25 April 1991
Size of the issue	: Rs.2.71 crore
To Indian public	: Rs.1.96 crore
Instrument	: Equity share of Rs.10 each for cash at par
Promoter	: RCS Vanaspati Industry
Project	: To set up a solvent extraction plant with an installed capacity of 60,000 tpa
Cost of project	: Rs.3.01 crore
Plant location	: Jaipur
Listing	: Delhi, Bombay, Calcutta, Ahmedabad, Jaipur

Visaka Industries

Visaka Industries (VIL), a registered company in Hyderabad, currently manufactures and markets asbestos cement products. Commercial production began in 1985 with 100 per cent capacity utilisation in the first four months. A profit after tax of Rs.17 lakh was realised for the year ended December 1986 and a maiden dividend was also declared.

Turnover for the seven months ended October 1990 has already shot up to Rs.12.13 crore, while profit after tax rose to Rs.1.03 crore. The company now plans to take advantage of the boom in the textile industry by diversifying into the production of synthetic blended yarn.

For this VIL will employ the latest air jet spinning technology and import 10 twin air jet spinners from Murata, Japan. The trading house has agreed to buy back 25 per cent of the yarn produced.

The plant is expected to go on stream by March 1992 with a 100 per cent capacity utilisation within six months of operation. According to managing director, K.V. Ramaseshan the company hopes to maintain its EPS even on the enhanced equity of Rs.4.88 crore for the year 1992.

Diversification, to cost the company Rs.19 crore will be partly-funded through a public-cum-rights issue of convertible debentures. The public issue will consist of 69,000 fully convertible debentures of Rs.300 each. Of this, Rs.200 will be converted into ten equity shares of Rs.10 at a premium of Rs.10 at the end of six months. The balance Rs.100 will be converted into five equity shares of Rs.10 each, at a premium of Rs.10, at the end of a year from the date of allotment.

Currently priced at Rs.46, the conversion offer is attractive.

Visaka Industries	
Issue opens	: 23 April 1991
Size of the issue	: Rs.6.69 crore
To Indian public	: Rs.1.73 crore
Instrument	: Fully convertible debentures bearing 14 per cent interest
Promoter	: G. Vivekanand and Associates, APIDC
Project	: Diversification into the production of synthetic blended yarn
Plant location	: Nagpur, Maharashtra
Listing	: Bombay, Hyderabad, Madras

Tapuriah Steels

Tapuriah Steels Ltd (TSL) a steel castings manufacturer commenced production in June 1986. During its first ten months of production, the company made an operating profit of Rs.13.11 lakh on a turnover of Rs.1.78 crore. During the year 1989-90 TSL obtained a record turnover of Rs.4.35 crore.

The new project is meant to hike its capacity from 2,000 to 12,000 tpa by installing sophisticated machinery. A trial run is scheduled for June 1991. The estimated project cost is Rs.3.8 crore, of which Rs.3.4 crore will be financed through equity capital. The new issue will increase the equity base from Rs.24.50 lakh to Rs.3.64 crore.

Tapuriah Steels	
Issue opens on	: 24 April 1991
Size of the issue	: Rs.2.04 crore
To Indian public	: Rs.1.91 crore
Instrument	: Equity shares of Rs.10 each for cash at par
Promoter	: Janki Prasad Tapuriah
Project	: To increase installed capacity of steel castings from 2,000 to 12,000 tpa
Plant location	: Gujarat
Listing	: Ahmedabad, Bombay, Vadodara stock exchanges

Khaitan Hostombe Spinels

Khaitan Hostombe Spinels Ltd (KHSL), incorporated in 1984 as Khaitan Refractories Pvt Ltd is engaged in the manufacture of dead burnt magnesite.

KHSL's new products, special dead burnt magnesite (SDBM) are used for the manufacture of basic refractories and for fettling in furnaces used by the steel and cement industries and simultan clinkers (SC) is used for the manufacture of super duty refractories in core sector industries like cement and steel.

According to Ajay Khaitan, KHSL's managing director, "Quality SC will be produced by us for the first time in India and will also be an import substitute." The company has indigenously developed the technology to manufacture SCs. An MoU has been signed with Steeley Magnesia Products Ltd, UK, one of the leading manufacturers of SC, to ensure international acceptability for this product.

Sales has jumped to Rs.19.17 crore for March 1990. This has increased further at Rs.17.08 crore for the seven months ended October 1990. Net profit has been Rs.41 lakh and Rs.38 lakh respectively. The company has declared a 15 per cent dividend on only two occasions.

The present issue of Rs.12.46 crore will take the company's capital up to Rs.13.85 crore. It also means that 66 per cent of the total project cost of Rs.18.5 crore is being funded through the equity issue. Internal accruals make up only Rs.1 crore of the total project cost.

Khaitan Hostombe Spinels	
Issue opens on	: 23 April 1991
Size of the issue	: Rs.12.46 crore
To Indian public	: Rs.6.15 crore
Instrument	: Equity shares of Rs.10 each
Promoter	: Kanti Prasad Khaitan and Ajay Prasad Khaitan
Project	: Setting up a plant to manufacture special dead burnt magnesite, capacity 15,625 tpa, simultan clinkers, capacity 9,375 tpa,
Cost of project	: Rs.18.5 crore
Plant location	: Nainital, UP
Listing	: Bombay, Calcutta, Delhi, Kanpur

Chubb's Diamonds

Chubb's Diamonds Ltd's project will cost the company Rs.4.45 crore. Of this, 50 per cent will come from the public. The cost of the project also includes Rs.2.89 crore of margin money for working capital.

How well the company does will depend upon the revival of the diamond industry which is in the doldrums at present.

Chubb's Diamonds	
Issue opens	: 22 April 1991
Size of the issue	: Rs.2.22 crore
To Indian public	: Rs.2.04 crore
Instrument	: Equity shares of Rs.10 each for cash at par
Promoter	: Jagdishchandra C. Parekh
Project	: Setting up of a 100 per cent export-oriented unit in SEEPZ for manufacturing and export of jewellery
Plant location	: SEEPZ, Bombay
Listing	: Bombay, Ahmedabad, Calcutta

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 5.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	6.00	11.00	3.00	-4.8			11.0	18.3		
ABB 10	12/89	9.86	8.25	18.37	147.50	165.00	62.50	6.5	3.5	22.7	25.0	1.7		
ACC 100	03/90	55.95	90.70	262.11	2295.00	2475.00	345.50	31.7	95.1	72.4	15.0	0.7	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	525.00	650.00	230.00	36.8	14.0	14.3	16.0	3.0	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	190.00	225.00	105.00	10.9	4.1	17.4	25.0	1.3	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	43.00	82.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	14.00	22.00	10.50	0.3		46.7			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	82.50	135.00	73.00	11.3	5.0	7.3	25.0	3.0		
ANDHRA CEMENT 10	03/89	18.78	-2.70	8.56	970.00	970.00	7.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	970.00	1650.00	330.00	185.8	108.4	5.2	20.0	2.1	75	1:9
ANDREW YULE 10	03/87	9.41	22.81	34.24	46.00	76.00	38.00	2.2		20.9	10.0	2.2	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP.10	09/89	5.41	1.33	12.46	18.00	30.00	12.00	2.6	1.2	6.9	15.0	8.3		
APOLLO TYRES.10	10/89	8.40	14.19	26.89	58.50	92.50	41.50	18.3		3.2	25.0	4.3		
APPLE IND.,10	03/90	5.19	0.81	11.56	35.50	66.25	28.50	8.6		4.1	35.0	9.9		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	135.00	138.75	70.00	5.8	4.3	23.3	31.5	2.3	78	1:2
ASIAN CABLES,10	03/90	5.59	7.32	23.09	33.75	48.00	28.00	5.6	2.4	6.0	14.0	4.1	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	75.00	102.50	55.00	7.4	3.0	10.1	25.0	3.3		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	260.00	285.50	215.00	15.3	6.2	17.0	45.0	1.7	87	1:2
ASSAM CO.10	03/90	14.00	26.02	28.59	145.00	180.00	112.50	9.2	5.1	15.8	55.0	3.8	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	266.00	365.00	200.00	29.7	14.5	9.0	50.0	1.9		
ASTRA IDL,10	03/90	2.50	2.97	21.88	56.00	75.00	40.00	5.3	2.5	10.6	20.0	3.6		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	81.00	81.00	33.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	160.00	180.00	70.00	7.2	2.4	22.2	15.0	0.9	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	145.00	195.00	108.00	7.3		19.9	35.0	2.4	84	2:5
BAJAJ AUTO,10	03/90	18.81	261.22	148.87	580.00	725.00	372.50	34.6	21.6	17.1	110.0	1.9	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	70.00	80.00	26.00	0.7	3.6	100.0			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	210.00	280.00	117.50	11.5	9.1	18.3	20.0	1.0	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	57.50	62.50	31.00	3.0	1.8	19.2	18.0	3.1	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	292.50	310.00	125.00	19.9	14.2	14.7	28.0	1.0	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	550.00	1167.25	415.00	132.5	11.4	4.2	25.0	4.5	90	1:2
BASF 10	03/90	4.26	16.88	49.62	135.00	160.08	93.38	12.7	6.9	10.6	20.0	1.5	90	1:2
BATA INDIA 10	12/89	10.50	17.18	26.36	82.00	105.00	64.00	5.4		15.2	15.0	1.8	87	1:1
BATLIBOI 10	09/89	2.79	3.93	24.09	74.00	74.00	30.00	5.5		13.5	15.0	2.0		
BAYER INDIA 100	03/90	16.22	17.65	208.82	800.00	1075.00	600.00	32.8	24.4	24.4	20.0	2.5	87	1:1
BEST & CROM 10	03/90	7.56	23.03	40.46	41.00	77.50	32.50	1.9	-0.3	21.6	10.0	2.4	82	3:5
BHADRA PAPER 10	03/90	10.57	28.95	37.39	147.50	153.75	75.00	4.3	6.2	34.3	32.5	2.2		
BHARAT FORGE 10	03/90	14.24	20.80	24.61	220.00	265.00	92.50	4.1	5.9	53.7	30.0	1.4	86	1:1
BHARAT GEARS 10	03/90	4.03	5.50	23.65	38.00	62.00	22.50	2.7	0.1	14.1		6.2		
BIHAR ALLOY 10	03/90	8.20	-10.01	-2.21	20.00	51.50	22.00	-2.1		13.1				
BIMETAL 10	03/90	3.82	12.13	41.75	137.50	142.50	75.00	7.5	5.0	18.3	27.5	2.0	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	48.00	80.00	37.50	3.3	4.6	14.5	50.0	10.4	90	1:2
BIRLA JUTE,10	03/90	20.37	84.17	51.32	192.50	220.00	52.00	2.3	7.7	83.7	18.0	0.9	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	15.00	26.00	7.50	-4.8	3.4					
BLOW PLAST 10	07/89	2.00	3.73	28.65	123.75	135.00	36.00	1.6	5.3	77.3	15.0	1.2	87	1:1
BLUE STAR 10	03/90	3.55	15.61	53.97	65.00	120.00	36.25	13.3	1.5	4.9	20.0	3.1	90	1:2
BOM BURMAH 100	03/90	5.52	19.47	452.72	1075.00	1250.00	610.00	88.2	38.9	12.2	30.0	2.8	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	225.00	231.25	90.50	9.8	7.1	23.0	40.0	1.8	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	61.00	140.00	35.00	18.2	12.0	3.4	20.0	3.3	89	1:1
BOOTS 10	03/90	8.10	9.33	21.52	133.75	135.00	92.50	5.6	3.9	23.9	30.0	2.2	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	60.00	69.00	52.50	5.9		10.2	25.0	4.2	82	1:2
BRITANNIA 10	03/90	18.57	33.30	27.93	140.00	162.50	105.00	5.3	2.8	26.4	24.0	1.7	89	1:2
BROOKE BOND,10	12/89	44.15	39.77	19.01	138.00	167.50	97.00	6.2		22.3	30.0	2.2	89	4:5
BURROUGHS 10	03/90	6.00	15.82	36.37	87.50	110.00	67.50	3.0	2.3	29.2	15.0	1.7	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	80.94	40.00	87.00	31.00	7.9	2.9	5.1	20.0	5.0		
C.P.TOOLS 100	03/90	4.57	14.21	410.94	410.00	525.00	280.00	50	5.6	82.0	15.0	3.7	87	1:3
CABLE CORP 10	03/90	9.00	26.23	39.14	101.50	117.50	62.00	11.0	3.4	9.2	28.0	2.8		
CADBURY 10	03/90	8.40	14.40	27.14	163.75	185.00	140.00	6.3	2.3	26.0	35.0	2.1	87	1:1
CALICO MILLS 125	06/89	13.56	-5.69	72.55	51.00	95.00	40.00	2.3		22.2			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	14.25	31.00	13.75	1.2	0.9					
CASTROL 10	03/90	9.86	25.42	35.78	262.50	270.00	107.81	6.1	8.5	43.0	27.0	1.0	90	3:5
CEAT TYRES 10	06/89	14.76	104.60	80.87	84.00	125.00	70.00	15.2	6.3	5.5	30.0	3.6	86	1:2
CEMINDIA 10	03/90	1.28	8.57	76.95	101.25	120.00	75.00	7.0	2.8	14.5	30.0	3.0	84	3:5
CENTURY ENKA 100	03/90	23.25	219.57	1044.39	2600.00	3964.29	2196.43	140.5	65.0	18.5	62.5	2.4	90	2:5
CENTURY SPIN 100	03/90	26.62	248.83	1034.75	4685.00	4685.00	2510.00	203.1	120.1	23.1	50.0	1.1	86	2:3
CHAMPAGNE 10	03/90	3.00	1.46	5.13	17.00	34.00	13.50	1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	107.50	120.00	86.00	6.1	2.6	16.0	31.5	2.9	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	12.00	1205.00	8.50	1.8	1.2	6.7	18.0	15.0		
CITURGIA 10	03/90	3.38	8.34	34.67	105.00	140.00	85.00	8.8	2.9	11.9	35.0	3.3		
COLGATE,10	12/89	31.44	25.32	18.05	310.00	340.00	180.00	8.0		38.8	42.5	1.4	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	825.00	850.00	605.00	30.0	3.0	27.5	22.0	2.7	80	2:5
COMET STEEL,10	03/90	9.65	4.49	14.65	18.00	31.00	15.50	4.1		4.4	17.0	9.4		
COROM FERT,10	09/89	24.32	24.79	20.19	23.00	30.00	17.00	1.9	1.5			2.6	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	29.00	45.00	27.50	6.3	0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	875.00	1650.00	850.00	54.4	33.6	10.8	18.0	2.1	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	121.00	140.00	81.25	8	4.6	15.5	25.0	2.1		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 5.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	43.00	58.75	14.50	4.3	3.2	10.0				
DCM 10	03/89	23.02	37.80	26.42	76.00	110.00	47.00	2.6	-2.2	29.2			71	4:5
DEEPAK FERT.10	03/90	36.68	11.32	13.09	30.00	42.00	24.00	3.2	4.1	9.4	18.0	6.0		
DEEPAK NITR.10	03/90	2.43	9.23	47.98	93.00	140.00	82.00	14.3	8.6	6.5	30.0	3.2	85	1:2
DEMPO STEAM 100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	47.50	70.00	30.02	10.0	5.1	4.8	25.0	5.3	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	95.00	97.50	48.00	3.1	1.6	30.6	25.0	2.6		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	200.00	2650.00	200.00	368.5	82.6	0.5	40.0	20.0	89	1:2
DUNLOP 10	03/90	18.99	68.77	46.21	55.00	85.00	50.00	2.3	2.0	23.9	30.0	5.5	76	1:3
E. MERCK,10	12/89	5.94	6.65	21.20	90.00	95.00	26.00	5.2		17.3	25.0	2.8	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	47.00	64.00	45.00	4.5	0.5	10.4	22.0	4.7	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	43.00	130.00	16.00	3.5	3.4	12.3		10.0		
EID PARRY,10	03/90	6.28	31.42	60.03	80.00	104.00	75.00	8.1	5.5	9.9	25.0	3.1		
ELECON ENG,10	03/90	5.65	27.25	58.23	51.25	82.50	47.50	1.8		28.5	12.0	2.3	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	18.00	32.50	13.00	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	69.00	154.00	56.00	3.3		20.9	25.0	3.6	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	146.00	185.00	80.50	6.6	4.7	22.1	30.0	2.1	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	170.00	191.25	113.75	10.4	6.5	16.3	30.0	1.8	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	32.50	47.00	20.00	2.9	4.6	11.2	30.0	9.2		
EXCEL,10	03/90	4.62	18.89	50.89	332.50	390.00	173.00	20.0	16.2	16.6	50.0	1.5	84	4:5
FAG PRECISION,100	03/90	3.36	8.71	359.23	76.00	140.00	63.75	13.8	8.7	5.5	18.0	23.7		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	50.00	125.00	45.00	15.9		3.1	25.0	50.0	80	1:2
FGP.10	03/90	4.89	7.34	25.01	61.00	75.00	9.00	5.3	2.2	11.5	22.0	3.6	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	153.75	240.00	120.00	16.7	9.3	9.2	45.0	2.9	87	1:1
FINOLEX,10	03/90	3.24	38.28	128.15	217.50	375.00	170.00	28.1	15.6	7.7	50.0	2.3	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	43.00	55.00	19.00	4.8		9.0	26.0	6.0	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	73.75	85.00	29.50	4.3	0.9	17.2	20.0	2.7	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	68.00	85.00	47.50	5.0	1.8	13.6	20.0	2.9	82	2:5
FULFORD 10	03/90	0.80	3.54	54.25	245.00	265.00	115.00	14.4		17.0	22.0	0.9	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.26	18.52	40.00	52.50	27.00	6.7	3.0	6.0	20.0	5.0	90	1:5
G.K.W.,10	03/90	24.06	41.04	27.06	38.00	70.00	23.00	6.0	0.5	6.3	15.0	3.9	83	1:3
G.T.C.INDUST.10	03/90	5.00	13.24	36.48	80.00	80.00	22.50	7.2	7.2	11.1	35.0	4.4	72	1:4
GABRIEL 10	03/90	2.64	5.63	31.33	47.50	77.50	42.50	6.6		7.2	18.0	3.8	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	112.50	135.00	62.50	2.8	4.2	40.2	25.0	2.2	82	2:5
GARDEN SILK 10	06/89	16.24	84.67	62.14	47.50	62.50	35.00	3.6	2.6	13.2	30.0	6.3		
GARWARE NYLON 10	03/90	9.72	14.92	25.35	38.00	67.00	32.00	3.6	2.0	10.6	15.0	3.9	83	1:2
GARWARE POLY 10	09/89	10.94	21.96	30.07	54.50	4850.00	29.50	-6.4				4.1		
GARWARE SHIP 10	03/89	3.75	0.03	10.08	17.00	70.00	13.50	5.9	1.6	2.9	15.0	8.8		
GEN.ELECTRIC,10	03/90	7.20	30.60	52.50	40.50	54.00	31.00	3.8	2.5	10.7	10.0	2.5	89	1:1
GENELEC 10	03/89	2.16	-4.39	-10.32	21.00	41.00	18.00	-47.1			14.7	7.0	84	1:1
GEORGE WILL 10	03/90	9.45	23.82	35.21	152.50	180.00	120.00	5.2	10.0	29.3	60.0	3.9	89	1:2
GERMAN REM.10	03/90	6.52	5.61	18.60	133.75	200.00	34.25	13.3	1.8	10.1	20.0	1.5	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	100.50	107.00	82.50	7.7	2.8	13.1	27.0	2.7	80	1:3
GODFREY PHILIPS 10	03/90	2.60	3.80	24.62	257.50	260.00	52.50	11.0	21.6	23.4	35.0	1.4	75	1:1
GOETZE 10	03/90	6.93	16.53	33.85	110.00	120.00	80.00	6.7	3.4	16.4	32.0	2.9	76	4:5
GOKAK PATEL 10	03/90	6.52	25.96	49.82	220.00	240.00	92.50	13.7	11.0	16.1	32.0	1.5	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	62.00	140.00	60.00	8.5	1.8	7.3	20.0	3.2	78	5:7
GOODYEAR 10	12/89	14.96	24.47	26.36	55.00	70.00	40.00	6.5		8.5	40.0	7.3	90	1:1
GRAMOPHONE 10	03/90	4.37	11.43	36.16	14.50	22.50	9.62	0.4	0.3	36.2				
GRASIM 10	03/90	60.20	168.10	37.92	234.00	265.00	107.25	9.2	7.2	25.4	30.0	1.3	88	3:4
GREAVE COTTON 10	03/90	9.86	30.96	41.40	69.00	110.00	60.00	6.6	2.1	10.5	18.0	2.6	88	1:2
GUJ.ALKALIES 10	03/90	17.90	29.78	26.64	155.00	155.00	80.25	4.2	3.1	36.9	26.0	1.7	87	1:5
GUJ.AMB.CEM,10	06/90	19.99	15.18	17.59	138.75	138.75	23.50	7.3	4.8	19.0	25.0	1.8		
GUJ.NARMADA 10	03/89	88.99	103.47	21.63	38.50	54.00	34.00	3.4	0.4	11.3	10.0	2.6		
GUJ.STATE FERT.10	03/90	44.41	335.70	85.59	195.00	260.00	160.00	11.6	8.3	16.8	30.0	1.5	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	0.00	237.50	0.00	10.6	5.6		75.0	*******	87	2:5
HERDILLIA CHEM 10	03/90	7.35	46.79	73.66	0.00	120.00	0.00	10.0	3.5		26.0	*******	78	1:2
HERO HONDA 10	03/90	15.98	-2.76	8.27	0.00	86.25	0.00	-0.3	2.0					
HIND ALLOY 10	03/90	7.13	5.03	17.05	0.00	128.75	0.00	9.4	4.1		30.0	*******		
HIND CIBA 100	03/90	17.71	40.07	326.26	1080.00	1200.60	660.33	92.7	39.5	11.7	30.0	2.8	90	1:2
HIND DEVELOP 10	03/90	32.93	92.56	38.11	0.00	110.00	0.00	3.9	2.4		20.0	*******	86	1:1
HIND DORR-OLIVER 10	03/90	4.76	10.67	32.42	0.00	115.00	0.00	7.3	2.8		25.0	*******	89	1:1
HIND FERODO 10	03/90	5.50	1.89	13.44	0.00	40.00	0.00	0.1			7.5	*******	83	4:5
HIND LEVER 10	12/89	93.32	135.20	24.49	163.00	168.75	107.00	5.8		28.1	35.0	2.1	87	1:1
HIND MOTOR 10	03/90	26.35	44.92	27.05	22.25	54.50	17.00	0.8	0.4	27.8	7.5	3.4	86	1:1
HINDALCO 10	03/90	17.85	200.47	122.31	252.50	355.00	131.25	36.1	19.8	7.0	37.5	1.5	90	3:5
HMM 10	03/90	14.18	93.90	76.22	356.25	400.00	243.75	12.4	5.3	28.7	40.0	1.1	87	1:1
HOECHST 100	03/90	9.58	56.06	685.18	3650.00	3650.00	1340.00	94.5	56.1	38.6	20.0	0.5	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	0.00	140.00	0.00	4.0	1.4		15.0	*******		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	0.00	26.00	0.00	0.1	-0.1					
HOUSING DEV.FIN,100	03/90	19.98	64.98	425.23	0.00	475.00	0.00	123.6	82.8		20.0	*******		
HYD.ALLWYN 10	12/88	17.45	10.70	16.13	0.00	25.00	0.00	1.4	1.2		15.0	*******		
I.O.L.,10	03/90	14.60	31.44	31.53	0.00	56.00	0.00	0.2			10.0	*******	85	1:3
ICI,10	03/90	40.87	84.19	30.60	41.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM 10	03/90	5.88	9.13	25.53	26.00	45.00	25.00	3.9	1.8	6.7				
INDIA CEMENT,10	03/90	4.90	48.98	109.96	0.00	155.00	0.00	5.9	7.0		15.0		89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 5.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
INDIA GYPSUM,10	03/90	9.98	-4.64	4.83	0.00	22.00	0.00	-2.4	-1.3					
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	0.00	22.00	0.00	-0.9	-1.1					
INDIA STEAMSHIP,10	03/90	10.15	-63.17	-52.24	11.50	16.50	8.70	1.8		6.4			75	1:1
INDIAN ALUM.10	03/90	41.50	49.09	21.83	180.00	250.00	120.00	14.1	7.0	12.8	25.0	1.4	77	2:5
INDIAN DYESTUFF,100	03/90	9.41	38.71	511.37	0.00	775.00	0.00	44.4	46.0		14.0	*******	90	1.4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	0.00	127.50	0.00	7.8	-1.0		25.0	*******	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	42.00	86.00	31.25	4.6		9.1	15.0	3.6	85	1:2
INDIAN RAYON,10	06/90	25.40	202.97	89.91	113.00	163.75	89.50	7.8	4.0	14.5	30.0	2.7	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	0.00	165.00	0.00	4.7			25.0	*******	89	3:4
INDOGULF FERT,10	03/90	164.92	0.25	10.02	0.00	40.00	0.00	0.1	-0.2					
INDU NISSAN,10	03/90	14.00	1.21	10.86	0.00	25.50	0.00	0.2	0.5		6.0	*******		
INGERSOLL,10	03/90	15.78	34.25	31.70	0.00	360.00	0.00	9.1	5.3		25.0	*******	89	1:1
ION EXCHANGE,10	03/90	3.50	11.10	41.71	0.00	90.00	0.00	2.9	0.7		13.0	*******	88	4:5
IPITATA,10	03/90	12.00	-15.79	-3.16	0.00	60.00	0.00	2.9	1.4					
ITC,10	03/90	66.34	152.27	32.95	145.00	165.00	51.00	7.9	5.7	18.4	37.5	2.6	89	1:1
J.B.CHEMICAL,10	03/90	3.00	6.02	30.07	135.00	207.50	58.00	12.7	17.0	10.6	21.0	1.6		
J K INDUSTRIES,10	06/90	14.04	27.86	29.84	72.00	82.50	47.50	11.8		6.1	30.0	4.2	67	1:1
J K SYNTHETIC,10	03/90	38.51	129.12	43.53	38.00	79.00	27.00	1.1	-5.7	34.5	20.0	5.3	83	1:3
JAYANT VITAMIN,10	06/90	3.87	5.11	23.20	28.00	44.00	25.00	4.2		6.7	10.0	3.6	87	2:5
KALYANI BRAKES,10	03/90	3.90	-4.84	-2.41	87.00	105.00	33.00	4.0	2.1	21.8				
KALYANI STEEL,10	03/90	4.72	9.05	29.17	220.00	500.00	125.00	19.7	5.7	11.2	75.0	3.4	90	1:1
KELVINATOR,10	06/90	8.40	25.48	40.33	136.25	146.25	80.00	10.8	9.7	12.6	20.0	1.5	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	93.00	132.50	40.00	2.3		40.4	10.0	1.1	79	1:2
KHODAY DIST,10	03/90	9.00	8.88	19.87	28.00	42.50	25.00	5.9	2.8	4.7	12.0	4.3		
KINETIC ENGG,10	03/90	2.88	22.29	87.40	166.25	240.00	131.25	12.3	7.7	13.5	25.0	1.5	89	1:1
KINETIC HONDA,10	06/90	9.99	7.63	17.64	65.00	95.00	33.00	3.4	4.3	19.1				
KIRL CUMMINS,10	03/90	26.40	41.95	25.89	148.00	148.00	74.00	4.4	2.0	33.6	20.0	1.4	86	1:1
KIRL PNEUMATIC,10	03/90	3.85	11.28	39.30	49.00	85.00	35.00	6.7	1.5	7.3	18.0	3.7		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	55.00	67.50	29.50	5.2		10.6	16.0	2.9	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	165.00	215.00	76.25	13.1		12.6	24.0	1.5	90	1:1
KSB PUMPS,10	03/90	8.70	12.25	24.08	200.00	260.00	170.00	7.3	3.1	27.4	20.0	1.0	89	1:1
LAKME,10	03/90	3.15	9.67	40.70	240.00	300.00	108.75	5.6	4.8	42.9	28.0	1.2	89	1:2
LARSEN TOUBRO,10	03/90	68.09	321.18	57.17	116.25	166.25	59.00	6.3	7.2	18.5	25.0	2.2	86	3:5
LIPTON,10	12/89	15.75	22.14	24.06	85.50	98.50	65.00	6.6		13.0	22.0	2.6		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	53.75	100.00	53.75	7.2		7.5	25.0	4.7	89	1:2
LML,10	03/90	21.42	9.07	14.23	25.00	66.00	12.50	0.2	-0.2	125.0			80	4:5
MACNEILL MAGOR,10	03/90	2.74	39.99	155.95	100.00	106.00	90.00	11.9	8.4	8.4	25.0	2.5		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	4000.00	4125.00	500.00	22.5	276.0	177.8				
MADURA COATS,10	03/90	21.96	92.32	52.04	245.00	270.00	108.00	8.4	7.8	29.2	40.0	1.6	90	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	370.00	690.00	230.00	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	960.00	1300.00	385.00	22.7	19.1	42.3	22.0	2.3	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	68.79	70.00	115.00	65.00	8.3	3.3	8.4	25.0	3.6	84	2:3
MAHINDRA NISSAN	03/90	19.26	0.15	10.08	12.50	28.00	9.50	-1.5	-2.5					
MAHINDRA UGINE,10	03/90	11.50	26.98	33.46	60.00	85.00	47.50	4.1		14.6	20.0	3.3	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	75.00	82.50	27.00	1.1	1.5	68.2	22.5	3.0		
MANGALORE CHEM,10	03/89	19.97	0.17	10.09	13.00	35.00	11.00	-16.3	-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.60	22.47	28.75	37.00	17.00	8.3		3.5	18.0	6.3		
MATHER PLATT,10	03/90	23.04	9.15	13.97	33.00	45.00	23.00	1.8	0.7	18.3	22.0	6.7	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	68.00	100.00	67.50	5.5	2.0	12.4	30.0	4.4		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	6.50	15.00	5.00	-0.7				14.1		
MCDOWELL,10	03/90	9.99	25.89	35.92	65.00	100.00	62.50	8.9	2.0	7.3	25.0	3.8	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	22.38	45.81	115.00	135.00	89.00	13.9	13.6	8.3	60.0	5.2	89	3:5
METAL BOX,10	03/90	14.68	-26.32	-7.93	7.75	13.75	6.50	-9.4					67	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	75.00	110.00	50.00	4.4	1.4	17.0	20.0	2.7	89	1:1
MILKFOOD,10	03/90	1.14	4.49	49.39	110.00	230.00	107.50	23.0		4.8	30.0	2.7	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	16.25	30.00	15.50	-52.6	-1.6			3.2	89	1:5
MODI RUBBER,10	03/90	10.38	52.50	60.56	65.00	95.00	47.00	6.9	3.8	9.4	25.0	3.8	84	2:5
MODI XEROX,10	03/90	19.46	6.50	13.34	69.00	104.00	60.00	3.1	0.5	22.3	16.0	2.3		
MOTOR INDUST,100	12/89	38.05	67.85	278.32	840.00	1300.00	700.00	38.4	19.4	21.9	14.0	1.7	86	1:1
MRF,10	03/90	3.86	55.04	152.59	360.00	400.00	185.00	32.4	19.2	11.1	60.0	1.7	75	1:2
MUKAND IRON,10	03/90	14.74	92.60	72.82	187.50	242.50	129.00	11.4	5.7	16.4	30.0	1.6	88	1:2
MYSORE CEMENT,10	03/90	19.23	97.87	60.89	46.00	52.50	11.00	-3.9	1.2	17.3		9.2	85	2:5
NAGAR FINANCE,10	03/90	2.43	4.87	30.04	16.00	24.00	13.00	7.1	3.2	2.3	25.0	15.6		
NATION PEROXIDE,100	03/90	2.30	7.18	412.17	655.00	1200.00	525.00	-19.1	-80.4		6.0	0.9		
NATIONAL RADIO,100	03/90	6.98	3.75	153.72	340.00	700.00	270.00	14.0		24.3				
NESTLE,10	12/89	36.62	5.70	11.56	137.50	158.75	104.50	3.9		35.3	30.0	2.2	89	3:5
NIRLON,10	03/90	15.76	-23.74	-5.06	21.50	37.00	14.00	-11.8	-5.6				82	1:2
NOCIL,100	03/90	36.00	109.85	405.14	1305.00	1850.00	925.00	117.3	37.9	11.1	40.0	3.1	86	1:2
ORISSA CEMENT,10	03/90	5.40	47.44	97.85	152.50	165.00	32.00	2.5	0.5	61.0	20.0	1.3	87	1:1
ORKAY,10	03/90	66.29	51.65	17.79	28.50	47.00	15.00	0.2	0.5	142.5		17.5		
OSWAL AGRO,10	06/89	96.72	81.67	18.44	39.50	72.50	32.00	2.8	2.1	14.1	50.0	12.7	87	3:5
OSWAL FURANE,10	03/90	18.00	0.15	10.08	18.50	35.00	17.50	-2.5		90.0				
OTIS ELEVATORS,10	03/90	5.37	20.34	47.88	21.00	260.00	21.00	7.5	3.5	2.8	25.0	11.9	85	1:1
PARKE DAVIS,10	03/90	7.53	4.08	15.42	72.00	712.50	70.00	3.7	4.2	19.5	35.0	4.9	90	3:5
PCIL,10	03/90	33.32	40.09	22.03	77.00	77.00	25.50	2.0	2.9	38.5	10.0	1.3	82	1:5
PFIZER,10	03/90	11.72	16.91	24.43	75.00	156.25	60.00	2.3	1.8	32.6	20.0	2.7	77	4:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 5.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM,10	03/90	6.00	17.30	38.83	72.50	160.00	65.00	11.5	4.1	6.3	25.0	3.4	90	1:2
POLYOLEFINS,100	03/90	19.30	56.49	392.69	1125.00	1450.00	850.00	94.0	33.8	12.0	35.0	3.1	88	1:2
PONDS,10	12/89	6.68	18.78	38.11	195.00	197.00	128.73	9.1		21.4	37.5	1.9	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	43.00	79.00	32.00	7.5		5.7	30.0	7.0	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	245.00	340.00	195.00	6.7	5.3	36.6	30.0	1.2	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	13.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	135.00	135.00	65.00	1.9	3.3	71.1	10.0	0.7	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	145.00	145.00	92.50	8.4	6.6	17.3	27.5	1.9	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	163.00	163.00	75.00	8.1	7.2	20.1	20.0	1.2	87	1:1
RECKITT COLMAN,10	12/89	8.40	22.44	36.71	272.50	272.50	185.00	9.5	4.8	28.7	40.0	1.5	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	13.00	22.00	12.50	0.9	0.7	14.4				
RELIANCE PETRO	03/89	86.47	0.48	10.06	37.00	56.50	20.50	0.6		61.7	18.0	4.9		
RELIANCE,10	03/90	152.11	958.12	72.99	127.50	234.00	51.50	5.9	5.5	21.6	30.0	2.4	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	40.00	50.00	35.00	3.3	1.8	12.1	20.0	5.0	86	1:2
REVATHI C.P,10	03/90	1.60	4.29	36.81	80.00	100.00	67.50	5.8		13.8	20.0	2.5	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	107.50	118.75	63.75	9.8	3.1	11.0	15.0	1.4		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	65.00	75.00	37.50	2.2	1.9	29.5	12.0	1.8	80	1:3
ROSS MURARKA,10	06/90	4.64	13.17	38.38	24.00	32.50	14.50	10.4	1.5	2.3	20.0	8.3		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1500.00	2950.00	1150.00	202.0	63.9	7.4	45.0	3.0	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	23.00	45.00	18.00	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	110.00	136.74	80.00	11.2		9.8	18.0	1.6	90	1:2
SANDVIK ASIA,100	12/89	5.78	7.54	230.45	1350.00	1425.00	610.00	43.9		30.8	25.0	1.9	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	9.50	14.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	132.50	155.00	110.00	5.3	4.9	25.0	20.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	206.25	206.25	76.00	6.7	9.5	30.8	18.0	0.9	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	108.00	118.00	69.00	12.7	6.3	8.5	42.5	3.9	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	125.00	142.50	101.00	4.4	4.0	28.4	30.0	2.4	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	115.00	140.00	42.50	0.4	-3.4	287.5				
SIPTA COATED,10	03/90	17.59	12.40	17.05	16.00	30.00	14.00	1.4		11.4	15.0	9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2500.00	2500.00	1280.00	84.0	50.7	29.8	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	48.50	75.00	34.00	6.8	1.3	7.1	16.0	3.3	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	61.25	75.00	45.00	6.8	3.8	9.0	18.0	2.9	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	192.50	250.00	97.50	10.4	5.2	18.5	25.0	1.3	89	1:2
SRF,10	09/89	10.33	22.69	31.97	35.00	65.00	14.00	4.2		8.3	18.0	5.1	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	74.00	120.00	51.25	1.2	1.9	61.7	20.0	2.7	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	12.00	26.00	10.75	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	136.25	152.50	74.00	7.2	4.4	18.9	30.0	2.2	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	40.00	64.00	37.00	14.2	5.2	2.8	25.0	6.2		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	37.50	380.00	37.00	0.1	1.1	375.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	130.00	137.50	70.00	9.3	2.6	14.0	27.5	2.1	86	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	60.50	73.00	30.00	15.3		4.0	30.0	5.0	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	247.50	275.00	154.69	20.3	9.7	12.2	45.0	1.8	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	39.00	90.00	35.00	4.6	1.3	8.5	17.5	4.5		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	50.00	79.00	38.75	4.3	2.7	11.6	25.0	5.0		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	69.00	117.00	60.00	5.5	2.2	12.5	30.0	4.3	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	201.25	252.50	113.00	9.9	5.1	20.3	30.0	1.5	82	2:5
TATA OIL,10	03/90	8.11	25.19	41.06	70.00	150.00	36.80	16.5	2.9	4.2	20.0	2.9	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1140.00	1750.00	420.00	56.9	28.0	20.0	20.0	1.8	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	42.00	75.00	32.50	-3.6		10.9	10.0	2.4		
TATA STEEL,10	03/90	229.43	1103.11	58.08	166.00	230.00	104.75	6.5	3.3	25.5	30.0	1.8	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	345.00	450.00	176.00	24.3	16.3	14.2	60.0	1.7	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	155.00	200.00	70.00	11.8	4.3	13.1	30.0	1.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	56.00	84.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	37.50	47.50	27.50	2.5	-4.3	15.0	15.0	4.0		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	75.00	95.00	65.00	6.7	3.1	11.2	24.0	3.2	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	13.00	17.00	9.00	1.1	-0.6	11.8		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	12.50	26.00	11.00	1.3		9.6				
TWENT.CENT,10	03/90	8.88	12.44	24.01	34.50	52.00	21.50	4.5		7.7	22.0	6.4	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	53.00	76.25	37.00	8.1		6.5	20.0	3.8	86	1:1
UNION CARBIDE,10	03/90	32.58	29.86	19.17	40.00	45.50	22.25	-4.1		16.8	12.0	3.0	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	86.25	110.00	6.50	1.8	2.6	47.9	10.0	1.2		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	17.00	27.00	16.00	4.3	-0.8	4.0	20.0	11.8		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	141.25	195.00	111.25	15.7	5.7	9.0	35.0	2.5		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	222.50	530.00	110.00	66.2	37.0	3.4	40.0	1.8		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	63.75	135.00	60.00	8.0	1.4	8.0	22.5	3.5		
VOLTAS,100	03/90	19.85	61.98	412.24	120.00	140.00	68.00	9.2	5.8	13.0	24.0	20.0	89	1:2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	95.00	115.00	45.00	6.1	9.1	15.6	30.0	3.2	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	25.00	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	142.50	160.00	81.25	20.9	18.3	6.8	70.0	4.9	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	23.00	44.00	16.50	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	50.00	80.00	37.50	2.0	1.1	25.0	12.5	2.5		
ZENITH,10	03/90	9.15	-11.20	-2.24	28.00	58.00	28.00	-28.4	-11.9	9.2	30.0	10.7	87	1:4
ZUARI,10	03/90	12.43	57.09	55.93	67.50	95.00	55.00	4.7	4.2	14.4	30.0	4.4		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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CLEA/898/JMFICS

Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	04/06/90	15.88	30.6,31.12	17/9/93	09/10/90
ASHOK LEY.A	64	5	NCD	13.5	521.0	60.00	05/03/91	14.40	31.3,30.9	3/4/96	16/09/90
ASHOK LEY.B	64	5	NCD	13.5	1043.0	60.00	05/03/91	14.40	31.3,30.9	3/4/96	16/09/90
ASHOK LEY.C	100	5	NCD	15.0	815.0	55.00	16/03/90	27.27	31.3,30.9	3/4/91	16/09/90
ATASH IND	75	10	CD	15.0	300.0	57.50	06/02/91	19.57	31.1,31.7	17/3.94	16/07/90
BATLIBOI	100	25	NCD	15.0	510.0	95.00	23/03/91	15.79	30.4,31.10	11/4/93	01/10/90
BIRLA JUTE	200	5	NCD	13.5	999.0	165.00	12/03/91	16.36	30.9,31.3	7/2/96	30/09/90
BLUE BLEND	200	10	NCD	13.5	625.0	163.00	22/02/91	16.56	31.1,30.6	4/11/96	28/06/90
CONT. CONST.	100	10	NCD	15.0	1750.0	70.00	10/12/90	21.43	1.1,1.7	4/10/95	16/09/90
DR REDDY'S	100	10	CD	15.0	163.0	85.00	26/10/90	17.65	30.6,31.12	4/6/96	15/06/90
DUNLOP	150	5	NCD	13.5	120.0	135.00	05/12/89	15.00	15.7,15.1	30/6/89	01/07/89
E.I.HOTELS	50	10	NCD	13.5	1566.0	46.00	04/03/91	14.67	10.4,10.10	10/4/94	30/03/90
ELECON ENG	45	5	NCD	13.5	247.0	40.00	05/12/89	15.19	30.6,31.12	12/3/94	01/09/90
ESSAR SHIP	75	10	NCD	13.5	100.0	71.00	13/03/91	14.26	31.3,30.9	15/4/94	13/09/90
F.G.P.	100	5	NCD	13.5	168.0	90.00	11/05/90	15.00	31.3,30.9	19/11/92	13/09/90
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	31/08/89	15.09	30.6,31.12	30/6/91	09/06/90
FORBES	100	10	NCD	13.5	600.0	85.00	02/04/91	15.88	1.4,1.10	2/4/94	07/09/90
GARDEN SILK	100	10	NCD	12.5	300.0	75.00	03/04/91	16.67	31.3,30.9	31/3/97	01/09/90
GRASIM IND	120	5	NCD	13.5	100.0	85.00	02/04/91	19.06	31.3	30/6/97	28/07/90
GUJ ALKALI	140	5	NCD	13.5	700.0	100.00	16/11/90	18.90	28.2,31.8	1/8/93	17/07/90
HIND FERODO	100	5	CD	13.5	206.0	80.00	22/05/90	16.88	30.6,31.12	14/12/92	08/06/90
HOECHST	100	5	NCD	15.0	383.0	100.00	18/03/91	15.00	1.5,1.11	14/9/91	04/10/89
I.T.C.	500	1	NCD	15.0	500.0	525.00	02/04/91	14.29	1.7	30/6/90	16/05/90
IND HOTEL	75	10	NCD	13.5	1123.0	72.50	06/02/91	13.97	1.4,1.10	26/4/92	17/08/90
IND HOTEL	100	10	NCD	12.5	2708.0	82.50	18/09/90	15.15	15.6,15.12	14/6/94	10/05/90
IND RAYON	80	5	NCD	12.0	801.0	51.25	09/01/90	18.73	30.6,31.12	6/4/93	11/06/90
IND RAYON	112	5	NCD	13.5	1668.0	88.00	15/03/91	17.18	30.6	18/2/95	11/06/90
J.K. SYNTH	120	4	NCD	13.5	1875.0	100.00	02/04/91	16.20	1.1,1.7	1/4/92	05/06/90
JINDAL STR	100	10	NCD	15.0	600.0	95.00	27/09/90	15.79	30.6,31.12	14/4/94	20/06/90
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	20/06/90
KESORAM	90	5	NCD	13.5	1890.0	85.00	27/09/90	14.29	31.3,30.9	11/3/95	01/09/90
KLOCK WIND	100	10	CD	13.5	138.0	88.75	24/12/90	15.21	31.3,30.9	30/6/93	16/08/90
KOTH FOOD	80	10	CD	15.0	475.0	60.00	11/09/90	20.00	31.3,30.9	30/6/91	05/09/90
L & T RTC	60	5	CD	13.5	360.0	56.00	11/10/88	14.46	1.1,1.7	30/6/90	13/02/90
LAKME	75	10	NCD	13.5	202.3	70.00	28/06/90	14.46	30.6,31.12	9/4/94	27/11/90
LML	115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	30/04/90
LYKA LABS	100	10	NCD	15.0	240.0	85.00	29/11/90	17.65	30.6,31.12	30/6/93	14/06/90
RHONE POULEN	100	5	NCD	15.0	300.0	100.00	28/05/90	15.00	1.4,1.10	9/9/94	01/06/90
MAZDA IND	100	10	NCD	13.5	625.0	55.00	27/03/91	24.55	1.4,1.10	5/4/93	20/09/90
MUKAND	125	5	NCD	13.5	437.0	115.00	26/09/90	14.67	1.1,1.7	30/6/88	12/06/90
PRESTIG FOOD	100	10	NCD	13.5	25.0	70.00	12/07/90	19.29	31.12,30.6	30/6/92	16/06/90
RAYMOND WOOL	240	1	CD	12.0	480.0	270.00	01/02/90	10.67	31.3,30.9	30/6/89	17/09/90
RAYMOND WOOL	400	1	NCD	13.5	1920.0	380.00	03/04/91	14.21	31.10	30/10/92	17/09/90
REL F CUM	100	10	NCD	15.0	3000.0	212.50	03/04/91	7.06	28.2,30.9	30/9/95	25/01/90
RELIANCE E	100	5	NCD	13.5	5335.0	87.50	03/04/91	15.43	30.4	30/6/97	05/04/90
RELIANCE F	100	10	NCD	15.0	27000.0	103.00	03/04/91	14.56	20 2,31.8	30/9/95	17/08/90
REL.PETRO B	40	10	CD	12.5	1045.0	79.00	03/04/91	6.33	31.5,30.11		08/05/90
REL.PETRO C	150	10	CD	12.5	3920.0	126.00	03/04/91	14.88	31.5,30.11	30/10/95	08/05/90
SANDOZ	100	10	NCD	13.5	69.0	92.50	24/04/90	14.59	30.6,31.12	24/4/95	15/06/90
STEELAGE	100	10	NCD	13.5	132.0	85.00	02/04/91	15.88	1.5,1.11	,30/6/94	24/04/90
TATA PRESS	120	5	NCD	13.5	195.0	110.00	27/02/91	14.73	31.3,30.9	11/11/96	30/08/90
TATA STEEL	200	5	NCD	13.5	2011.0	200.00	27/03/91	13.50	1.4,1.10	1/3/92	10/09/90
TATA STEEL	600	5	NCD	12.0	25705.0	510.00	03/04/91	14.12	1.2		20/06/90
TATA UNISYS	100	10	CD	12.0	250.0	85.00	03/04/91	14.12	1.1,1.7	30/6/98	31/05/90
TITAN WATCH	200	10	NCD	13.5	1312.0	190.00	03/04/91	14.21	15.6,31.12	5/3/97	16/11/90
TRANSPORT CO	100	10	NCD	15.0	400.0	75.00	27/03/91	20.00	31.3,30.9	30/6/93	15/09/90
TTK PHARM	100	10	NCD	15.0	143.0	85.00	27/03/91	17.65	30.5,30.11	1/3/92	16/05/90
TWENT CENT	100	5	NCD	13.5	300.0	85.00	17/08/89	15.88	30.4,31.10	23/8/90	16/10/90
UNITECH	100	15	NCD	15.0	264.0	80.00	14/01/91	18.75	30.6,31.12	25/4/94	12/06/90
UNIV LUGGAGE	100	10	NCD	15.0	144.0	75.00	02/04/91	20.00	1.6,1.12	26/3/96	15/05/90
USHA MARTIN	100	5	NCD	13.5	934.0	84.00	02/04/91	16.07	31.3,30.9	29/10/95	17/08/90
V I P. IND	100	10	NCD	15.0	960.0	92.50	03/04/91	16.22	31.1,31.7	22/4/93	29/06/90
VARELI TEXT	100	10	NCD	15.0	862.0	80.00	02/02/90	18.75	31.3,30.9	30/6/93	09/09/89
VARUN SHIP	100	10	NCD	15.0	175.0	93.00	03/04/91	16.13	31.5,30.11	20/8/93	16/11/90
VOLTAS	300	1	NCD	15.0	900.0	280.00	02/03/90	16.07	28.2,31.8	1/3/91	01/06/89
VOLTAS	150	2	CD	13.5	300.0	132.50	18/10/89	15.28	30.6,31.12	30/6/91	01/06/89
W I ENTER	100	5	CD	15.0	615.0	90.00	21/03/91	16.67	1.10,1.4	12/6/95	18/09/90
ZENITH	90	10	NCD	13.5	480.0	74.00	05/03/91	16.42	1.5,1.11	20/7/92	21/09/90

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.
Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.
The fact that the debenture market is generally active can be surmised from the dates of last business done. Hence readers are advised to seek suitable professional advice before deciding.
All care is taken to ensure accurate and up to date information.

EXIM BANK
EXPORT-IMPORT BANK OF INDIA

EXIM BANK INTERNATIONAL TRADE RESEARCH AWARD 1991
in International Trade and related financings

THE AWARD

The objective is to promote research in International Trade and related financings by Indian nationals, at universities and academic institutions in India and abroad. The Award will consist of a sum of Indian Rupees Fifty Thousand and a citation.

THE ENTRY

Research work in International Trade and related financings leading to a doctorate from a university and equivalent academic institution in India or abroad is a prerequisite for eligibility of the Annual Award. EXIM Bank will also accept, as entries, theses by which doctorates have been obtained from January 1, 1987 to July 31, 1991. Last date for submitting entries is July 31, 1991.

Entry Forms available from:
Manager (Planning),
Export-Import
Bank of India,
Post Bag 16100,
Bombay 400 005,
India.

Two in a million

In spite of the large number of entries received for this Investor Contest (IC339), we have only two winners.

Scrips	Prices as on Friday 22 February 1991 (Rs.)	Prices as on Monday 25 March 1991 (Rs.)	Ranks
Castrol	225.00	242.00	2
Escorts	143.75	138.70	6
Hoechst	3,350.00	3,500.00	4
Orkay	28.00	27.75	5
Sesa Goa	173.75	192.50	1
Voltas	112.50	120.00	3

Given below is a new list of six scrips, and their closing prices on 5 April, 1991. Pick the share that you think will rise the most in percentage terms by 6 May, 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 6 May, 1991. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 2 May, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday 5 April, 1991 (Rs.)	Rank as on Monday 6 May, 1991 (please fill in number)
ABB	147.50	
ACC	2,295.00	
Century Enka	2,600.00	
Crompton Greaves	875.00	
Essar Gujarat	56.25	
Larsen & Toubro	116.25	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

IC342

LINEN. THE FASHION STATEMENT OF THE DECADE

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Nexus/JST/21

Literary thriller



POSSESSION
By A.S. Byatt
Vintage, 1990. Distributed by IBD, Bombay, pp.510, Rs.150

One hesitates many many times before embarking on a book by an author described, by *Cosmopolitan*, as "the most consciously intellectual woman writer since George Eliot". Add to this the vague rumour that it's "something to do with Victorian poets" and one all but drops it and runs. But never having hated a Booker prize winner yet, one plunges in, and comes out dazzled.

The basic framework of A.S. Byatt's *Possession* is simple enough. Roland Michell, nondescript literary researcher, discovers, among bills and laundry lists, rough drafts of letters written by Victorian poet Randolph Henry Ash to an unknown woman, also a poet. All Ash's previous correspondence has been urbane, witty, considerate, wise. But in these discarded drafts, Michell perceives a quality of urgency that has never been apparent in the poet's other correspondence. Michell's secret and obsessive preoccupation with the mystery of these letters, his meeting with Maud Bailey who shares this passion and joins him in the unravelling of the past, form the main story.

Subtle undercurrents

From the beginning one feels the "narrative curiosity" that drives Michell, and later Bailey, into digging deep even as they are uncomfortable about invading the privacy of a person long dead. One understands their childlike secretiveness in keeping their discovery hidden from the rapacious "biography business". What particularly amazes and delights are the subtle undercurrents that weave in and out of both the stories, the current one and the Victorian.

The relationship between Maud and Roland, too, though it develops in a thoroughly modern setting, complements the Victorian mystery they are unravelling. Maud, a tough, intelligent woman, hurt in the past because of her good looks, comfortably feminist; and the gentle, unsuccessful, un-macho Roland, grow to care deeply for the very things about each other that have in the past come in the way of their other relationships — an almost ideal relationship based on an acceptance of the other person that is separate from any socially dictated rules — a very modern, non-sexist relationship. To delight us, there comes the realisation that the two Victorian poets shared, briefly, this very same union of mind and heart, in circumstances that were much more difficult.

Roland's dull and depressing relationship with longtime girlfriend Val, every bit as suffocating as a bad marriage, finding an echo, amazingly enough, in the semi-lesbian relationship between Christabel La Motte and Blanche Glover, two determinedly independent Victorian ladies. This then is the strongest thread in the complex fabric of this story: a sense of being female, of the jealous guarding of the female individuality from real or imagined threats. Lamotte writes, in one of her letters, of sending some of her poems to a famous, though tantalisingly unnamed poet of the time. And receives this reply that all of us, male or female, will recognise as a frequently heard one: "He replied ... that they were pretty things ... not always regulated by a proper sense of decorum, but ... they would do well enough to give me an interest in life until I had sweeter and weightier responsibilities"!

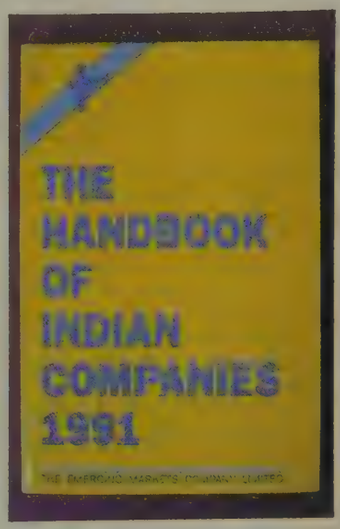
Though the letters and journals of the peripheral characters make somewhat tedious reading, the story holds your interest till the melodramatic climax, complete with special effects, at Ash's graveside.

You look at your watch to find you have spent most of the time meant for your precious sleep engrossed, yes, 'possessed' by this haunting story that is subtitled 'a romance'.

■ MINI SHRINIVASAN

The reviewer is a short story writer, based in Pune

Commendable effort



THE HANDBOOK OF INDIAN COMPANIES 1991
Compiled by Brian L. Brown. Emerging Markets Company, Bombay
pp. 501, Rs.195.

For those who want a general idea or some basic data on larger Indian companies without having to fumble through the cumbersome stock exchange directories or other voluminous corporate directories, here is a book which might make matters simpler.

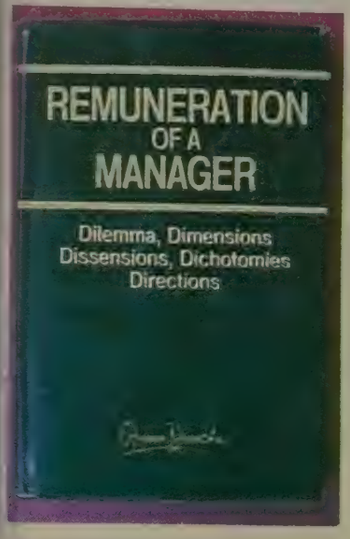
The 501 large companies covered are alphabetically listed with a page for every company. First, on each company, a short background is presented on products, capacities, collaborators, the group the company belongs to and major projects underway. Next comes a short review of the latest year's performance along with factors responsible for the change, with some hint about the future outlook. The handbook gives four years basic operational data, some financial information from the balance sheet (assets, liabilities, equity etc) and share price data.

Most interestingly, the handbook also provides uncommon but very useful data on change in capital, break up of equity holding and break up of cost of production between raw material and labour.

However, there is scope for improvement. Although the operational data is for the past four years, the performance review is only for the latest year. A line or two about the company's past performance will be useful. Also important efficiency ratios like gross profit margin and return on net worth are not given. Hopefully, the next edition will take care of these minor flaws.

■ DILIP MAITRA

Managers and money matters



REMUNERATION OF A MANAGER: DILEMMA, DIMENSIONS, DISCUSSIONS, DICHOTOMIES, DIRECTIONS
By Anwar Divecha
Sterling Publishers, 1990,
pp 334, Rs.300

A hands-on manager of the nineties has to provide dynamic direction and achieve results by stimulating and not threatening, guiding and not imposing, pro-acting and not reacting. It is obvious that a manager of such competence is essential for the success of an organisation. But do these managerial skills explain why managers are paid what they are? Apparently not! Does 'money' work as a motivator? Yes, to a very large extent. But is it always the consideration of seeking higher remuneration and perks which compel a manager to go job-hopping? Not always.

There are scores of reasons which compel managers to change jobs, such as stagnation, lack of goal congruence and future development, maladjustments, problem bosses, hierarchical imbalances, lack of delegation of power and authority, etc. But do these factors determine managerial remuneration? Certainly not!

Remuneration criteria

Managerial remuneration is related to a manager's needs — the cost of living, his commitments and responsibilities, status, and so on. On his side of the equation, there is no room for the organisation's needs or cost consideration, whereas the organisation considers, going price, selection, induction and training costs and other direct and indirect costs.

Every organisation would like its managers to be happy. Whether they are so or not is a different matter. Job dissatisfaction is often caused by imbalances in the organisation, between prevailing cultural values and attitudes, and a keen desire to professionalise its setup. Further, when an organisation recruits people beyond its actual capacity utilisation, managerial remuneration is adversely affected.

Here, it is pertinent to note that the present tax laws leave nothing tax free (except conveyance on company's business) in managerial remuneration. A very significant change has been brought about by the Direct Tax Laws (Amendment) Act 1989, which has extended the scope of the term 'income' to include any special allowance to meet expenses in the performance of duties and any allowance to meet personal expenses at the place where one performs his duties. Thus allowances like uniform/attire allowance, books/periodical allowance, entertainment allowance and furnishing allowances, etc, will be construed as part of income effective from the assessment year 1992-93 and subsequent years.

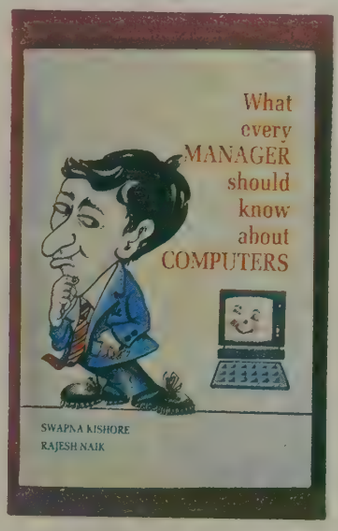
Although money matters, a mere increase in remuneration does not satisfy a manager. He is also looking for status symbols. Successive switchovers do hold out the promise of such benefits, which he looks upto before the onset of middle age. But that rarely happens in reality, and the result is a mother-in-law daughter-in-law syndrome.

The author builds up an excellent, engrossing and interesting account of the dilemmas, frustrations and disappointments of an Indian manager. Moreover, since he is a management consultant, his insights are drawn from personal experience, and ring true. The contradictions of managerial remuneration in the context of an organisation's balancing activities and the aspirations of managers remain a reality. It is imperative for an organisation to attract, retain and develop managerial talent and build up an effective remuneration system without sacrificing equity, but by incorporating encouragement and reward for excellence. The efficient manager of the nineties is a scarce commodity and his recompense involves much more than merely issuing a contract of employment.

■ ARUN SEKHRI

The reviewer is vice-president at Growmore Research & Assets Management Ltd, Bombay

A good teacher



WHAT EVERY MANAGER SHOULD KNOW ABOUT COMPUTERS
By Swapna Kishore and Rajesh Naik
Tata McGraw-Hill, 1990,
pp. 142, Rs.60

At the outset and at various junctures in this handy volume, the authors emphasise two important facts. One, that it is importantto know how to work your computer, not how it works. And, secondly a computer can only do what it is told, and is thus essentially a very sophisticated aid, and not a form of artificial intelligence, as a lot of people seem to believe.

Like all good teachers, the authors use easily understandable metaphors and analogies to explain concepts like systems and application software. Also, like all well-conceived books of this kind, this one uses diagrams and illustrations. However, if the book gives any cause for complaint, it is in the particularly poor quality of the illustrations, especially of the human figure, and the most unfunny cartoons.

Chapters on computerisation in an organisation, wordprocessing, spread sheet, data base management systems and trends in the field, the accompanying glossary and the index cover just about everything that a manager (or anyone else for that matter) needs to know.

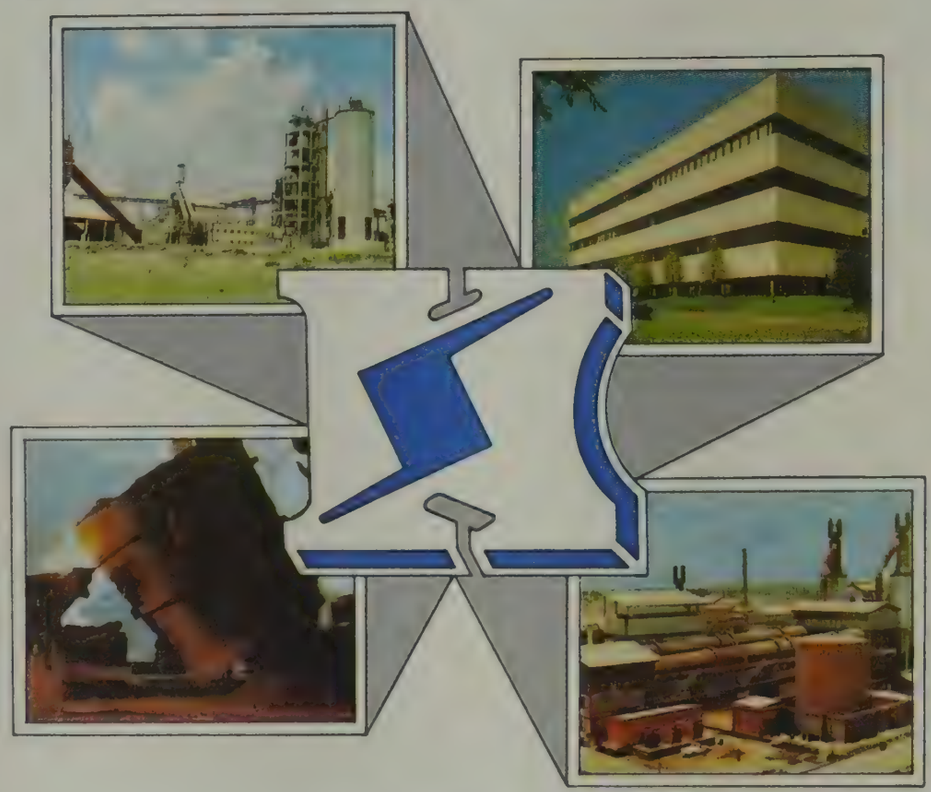
For people whose working environment is on the verge of being computerised, for those in the thick of computer use but need to get a good overall picture about who's who and what's what in their computer, and even for those who feel they are standing aside while the computer world is passing them by, this book is an excellent anchor.

■ GOURI DANGE

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PRESSMAN

Life in the public sector

The current talk about re-vitalising the public sector is meaningless if the focus is going to be only on technology. The real problems lie in operational styles and managerial cultures. The public sector is afflicted by a peculiar malady. There is simmering discontent and frustration amongst the managers, and yet there is very low managerial turnover. This anomaly is worthy of analysis because, if organisational commitment is low, the enterprise is certainly not being run anywhere close to its peak operational efficiency. And given the huge investment in the public sector, this situation is untenable.

The most well-known and oft-quoted reason for management's shortcomings is the political interference that it is subjected to in almost every sphere. But a far more important reason is administrative and perhaps not so obvious. It has to do with the ethos that the government sector has passed on to the public sector. Unless this system is revamped, we will continue to have competent managers who have lost the will and the desire to manage effectively.



The concept of cadres and cadre-based seniority is now firmly rooted in the public sector. This is obviously inspired from the IAS, IFS and revenue services, where career progression can take place only within the respective cadre. Therefore, the accountant in Air India can never be moved into the commercial cadre even if he has the aptitude or there is a shortage of staff in the commercial department. Strangely enough, an outsider is more likely to be accepted than a colleague from another cadre. Horizontal movement is, therefore, possible only at the initial recruitment stage. Otherwise, the transferee has to forego the seniority of his previous position. Inevitably, senior managers in key positions rarely look beyond the four walls of their own departments.

The public sector operates on the basis of sanctioned or approved manpower strength. On the face of it, that is the way it should be: but go below the surface and see how it dampens personnel management. A competent person may be denied promotion only because all the approved posts in the next grade are full. Such people (since there are so few of them) end up being loaded with responsibilities but must necessarily accept a lower position. Sympathy is the only consolation offered, with the promise that the moment a post falls vacant the concerned manager will be considered for elevation.

The process is, however, not that simple. There are two other barriers to traverse: seniority and the reservations quota. Waiting in the wings are also those schemers with ministerial connections. This is one hurdle managers find difficult to negotiate, because it is invisible and outside their control. It requires tremendous integrity and conviction on the part of top management to ward off such attacks on competence and fair play. Sadly, few chief executives measure up to these yardsticks.

Negative ramifications

In many public-sector organisations, promotions are based on union agreements that naturally favour seniority of service. This has two negative ramifications. The qualified youngster has to keep tabs on the retirement ages of those above him for the next opening to come up. For the person who gets elevated only by virtue of his seniority, the situation can be even more frustrating. Thus, a despatch clerk may find that he is suddenly in the grade of an assistant manager, but must continue to maintain the despatch register. Since the basis of promotion was not competence, he would not be really qualified to handle increased responsibilities. Thus, the numbers game and the 'caste' system together make it impossible for an organised career planning system to be instituted.

It is almost impossible to create management positions whereby job satisfaction can accrue from the discharge of one's responsibilities. Career planning is simply out of the question, because all openings are contextual, depending upon seniority, reservations and cast-iron eligibility criteria. Measurement of performance becomes a function of the ability to merely adhere to procedures and evidence of physical efforts, like staying on late in the office. Manipulation is seen as the only remedy for advancement. The importance of a person lies in his accessibility to the top or in making oneself indispensable by holding on to information.

Since there is no objective method for assessing performance, questionable standards are set. In fact, a vicious cycle begins to operate: because there are no objective criteria, the devious and the cunning manage to move up; and conversely, because these characters with their scheming ways or political connections have to be accommodated, sufficient leeway has to be kept in the reward system. Notice, for example, how the staff of the chief executive's office always move up merely because of their proximity to the top. Often, criteria are changed to suit such people.

Upright managers who are not prepared to scheme their way to the top are in a bind. They have no market value because, often, they may be in a highly specialised discipline. They also lack the confidence to step out of the security of their public-sector posts. Salvation for them is only in having a merit-conscious chief executive who allows competence to reach its rightful level.

■ SUDHAKAR NAIR

Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 25 March and 7 April 1991.

THE FOUR BEST JOBS

- VICE-PRESIDENT (Manufacturing) * South India * *Sal* Good package, house, car, driver * *Age/Qlfn* 40-50 years * Chemical/Mechanical engineers preferably with PG management qualifications * *Reqd* 15-20 years experience in a process industry * *Cont* VPG/MDS/95, M.Madhusudan, Director, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600 006 (TOI-1.4) Ph.470778
- PRESIDENT (Technical) * Ahmedabad * *Sal* Excellent * *Age/Qlfn* 40-45 years * B.Text * *Reqd* 15-20 years in composite cotton textile mills/cotton cloth processing including 5-7 years as head of production department * *Cont* Executive Director, Modern Denim Fabrics, B/201 Popular Centre, Someshwara Complex No.1, Satellite Road, Ahmedabad 380 015 (TOI-1.4)
- PRESIDENT * Raigad * *Sal* Best in industry * *Age/Qlfn* Mid 50s * Preferably technical professional, or non-technical leader with engineering appreciation * *Reqd* Top manufacturing experience in large Petrochemical/Fertilisers/Allied Industries * *Cont* Mukesh D Ambani, Executive Director, Reliance Industries Ltd, Maker Chambers IV, 222 Nariman Point, Bombay 400 021 (TOI-25.3)
- VICE-PRESIDENT (Human Resources Development) * Bombay * *Sal* Attractive + car + housing * *Age/Qlfn* Around 45 years * Appropriate specialist academic qualification * *Reqd* Senior level HRD experience preferably in a multi-unit/multi-division situation * *Cont* R.Banerjee, Consindia Pvt Ltd, Anand Ashram, 2nd Floor, 22 Pandita Ramabai Road, Gamdevi, Bombay 400 007 (TOI-25.3)

WEST

- GENERAL MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* 32-40 years * Engineering/Science graduates, preferably with PG Business management qualification * *Reqd* Experience in marketing/sales, with last 3 years in senior management position * *Cont* BPL - India, BPL Towers, Kasturba Road, Bangalore 560001 (TOI-1.4)
- GENERAL MANAGER (Exports) * Bombay * *Sal* Rs.2.20 lakh + pa * *Age/Qlfn* NS * Graduate preferably in engineering * *Reqd* 12-15 years experience in promoting exports * *Cont* The Dy.General Manager—HRD, Concept Pharmaceuticals Ltd, 167 CST Road, Kalina, Bombay 400 098 (TOI-1.4)
- GENERAL MANAGER (Personnel) * Bombay * *Sal* No constraint * *Age/Qlfn* Around 40 years * Preferably a degree in Personnel Management * *Reqd* 10-15 years experience in the personnel field * *Cont* Mr B.S.Kalsi, 8-A Pali Hill Road, Bombay 400 052 (TOI-1.4)
- GENERAL MANAGER * Miraj * *Sal* Competitive * *Age/Qlfn* 40-45 years * NS * *Reqd* Experience in development/management of micro processor based equipment * *Cont* Marathe Engineering Industries, 79 Nariman Bhavan, Nariman Point, Bombay 400 021 (HT-25.3)
- SENIOR VICE-PRESIDENT (Diversification) * Bombay * *Sal* Rs.6-8 lakhs * *Age/Qlfn* 42-48 years * NS * *Reqd* Very senior manager with experience in chemical industry/consultancy firm/industrial agency * *Cont* B.P. Agrawal, Chairman, Ph.744947/751318/6854, SVPD/BPA/3071, ABC Consultants Pvt Ltd, 43/3 Hazira Road, Calcutta 700 019 (TOI-25.3)
- GENERAL MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* About 40 years * Chemical Engineer * *Reqd* 10-15 years with a bulk drugs/pharmaceutical company * *Cont* Box J 611-K, Times of India, Bombay 400 001 (TOI-25.3)

NORTH

- GENERAL MANAGER (Finance) * Ludhiana * *Sal* No constraint * *Age/Qlfn* NS * CA preferably with C.S. * *Reqd* 15 years of experience, including 5 years at a senior level in manufacturing organisation * *Cont* The General Manager (Personnel, Hero Cycles Ltd, Hero Nagar, G.T.Road, Ludhiana 141 003 (TOI-1.4)
- MANAGING DIRECTOR * NS * *Sal* Commensurate with experience * *Age/Qlfn* NS * N.S * *Reqd* 15 years experience with 5 years as M.D. * *Cont* AC/VPS/121, Anand Consultants, 914, Maker Chamber V, Nariman Point, Bombay 400 021 (TOI-25.3)
- VICE-PRESIDENT * New Delhi * *Sal* No constraint * *Age/Qlfn* 40 years * CA and Company Secretary * *Reqd* 15 years experience, including 5 years in senior managerial position * *Cont* VPFC/DEL/1187, Col. V.P.Gulati, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110 019 (TOI-25.3)
- GENERAL MANAGER (Technical Audit) * New Delhi * *Sal* NS * *Age/Qlfn* NS * Chemical Engineer preferably with post graduate management qualification * *Reqd* Preferably prior experience in technical audit. 12-15 years experience in large industrial house * *Cont* General Manager Personnel, Ranbaxy Laboratories Ltd, 25 Nehru Place, New Delhi 110 019 (TOI-25.3)

SOUTH

- HEAD OF PERSONNEL * Mysore * *Sal* Attractive * *Age/Qlfn* NS * Post graduate degree in Personnel Management/Industrial Relations * *Reqd* Knowledge of Kannada, 15 years relevant experience in an engineering organisation of which 5 at a senior level * *Cont* Larsen & Toubro Ltd, KIADE Industrial Area, Hebbal, Hootagalli, Mysore 571186 (H-4.4.)
- GENERAL MANAGER (Tannery) * Madras * *Sal* Excellent * *Age/Qlfn* NS * Leather Technologist * *Reqd* 10 years experience in manufacturing * *Cont* Managing Director, Gordon Woodroffe Ltd, 36 Rajaji Salai, Madras 600 001 (H-4.4)
- GENERAL MANAGER * Nellore, A.P. * *Sal* Participation in profit sharing * *Age/Qlfn* 30-40 years * MBA preferably with a technical background * *Reqd* 10-15 years in project execution and operation * *Cont* Chief Executive, Thapar Waterbase Ltd, No.19 South Leith Castle Road, Santhome, Madras 600 028 (TOI-25.3)

OVERSEAS

- GROUP FINANCIAL CONTROLLER * Oman * *Sal* Competitive * *Age/Qlfn* 35-40 years * Chartered Accountants * *Reqd* Knowledge of computerised systems, and exposure to international finance preferably * *Cont* MS/5669, A.F. Ferguson & Co., P.O.Box 1786, Bombay 400 001 (TOI-7.4)
- ASSISTANT VICE-PRESIDENT (Commercial) * Indonesia * *Sal* NS * *Age/Qlfn* 35-40 years * MBA, CA/Engineers * *Reqd* 12-15 years experience in an industrial group * *Cont* Manager HRD, Indo Rama Projects & Services Ltd, 903 Mohan Dev Building, 13 Tolstoy Marg, New Delhi 110 001 (TOI-31.3)
- GENERAL MANAGER (Marketing) * Nigeria * *Sal* Savings US $15,000 * *Age/Qlfn* Around 35 years * MBA from a premier institute * *Reqd* 10 years marketing experience, 3-5 years in senior capacity * *Cont* Mr S.C. Seth, Kishinchand Chellaram (Ind) Pvt Ltd, Gazder House, 3rdFloor, 629-D, Jagannath Shankar Shett Marg, Bombay 400 002 Ph.312896 (TOI-31.3)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- SALES MANAGER * NS * *Sal* NS * *Age/Qlfn* 35-40 years * Graduate, preferably P.G. in management * *Reqd* 10 years in sales, including 3 in similar position * *Cont* Transelektra Domestic Products Ltd, 126 Creative Industrial Bldg, Sundernagar, Kalina, Bombay 400 098 (TOI-1.4)
- PURCHASE MANAGER * Thane * *Sal* Attractive * *Age/Qlfn* NS * Mechanical/Electrical Engineer * *Reqd* Minimum 10 years relevant experience in purchase of steel, hydraulic, electronic and other components * *Cont* PM/106, Mahajan & Albara, 1 Chawla House, 62 Wodehouse Road, Colaba, Bombay 400 005 (TOI-2.4)
- MANAGER (Electronics Assembly & Test) * Harihar * *Sal* NS * *Age/Qlfn* 32 to 35 years * Graduate/Post graduate engineers in electronics/computer science * *Reqd* 8 to 12 years experience in interfacing Fanuc/Siemens packages with machine tools * *Cont* P & A-037, The Mysore Kirloskar Ltd, P.O.Yantrapur, Harihar 577602, Karnataka (H-2.4)
- ASSISTANT MANAGER (EDP Systems) * Bangalore * *Sal* NS * *Age/Qlfn* NS * Electrical/Mechanical engineer or Post graduate with computer science * *Reqd* 8 to 10 years of post qualification experience with 3 to 5 years in computer administration * *Cont* Senior Manager — HRD, Asea Brown Boveri Ltd, Sona Towers, 71 Miller Road, Bangalore 560 052 (H-2.4)
- TECHNICAL MANAGER * Madras * *Sal* NS * *Age/Qlfn* NS * Doctorate in chemistry/polymer science/paint industry * *Reqd* 10 years experience * *Cont* Director — (Human Resources & Services), MRF Ltd, Tarapore Towers, 826 Anna Salai, Madras 600002 (H-3.4)
- OPERATIONS MANAGER * Principal cities * *Sal* Rs.60,000 pa + perks * *Age/Qlfn* NS * Engineering degree or diploma * *Reqd* At least 5 years similar experience * *Cont* Besant Raj Consultants (P) Ltd, 35 Second Cross Street, Ramakrishna Nagar, Madras 600 028 (H-4.4)
- MARKETING MANAGER (Consumer Products) * Bombay * *Sal* Attractive * *Age/Qlfn* NS * Graduate, preferably with post graduate degree/diploma in business/marketing management * *Reqd* 7-8 years in consumer products and marketing expertise * *Cont* The General Manager (Personnel), Garware Plastics & Polyester Ltd, Box No.6853, Bombay 400 057 (TOI-25.3)
- MANAGER, Industrial Engineering & Operations Research * Bombay * *Sal* Rs.75,000 pa * *Age/Qlfn* Below 35 years * Post graduate degree with specialisation in Operations Research * *Reqd* Minimum 5 years experience in industry, particularly in operations research * *Cont* Corporate Personnel Department, Glaxo India Ltd, Dr. Annie Besant Road, Worli, Bombay 400 025 (TOI-25.3)
- MANAGER (R&D) * Andhra Pradesh * *Sal* Attractive * *Age/Qlfn* 40-45 years * Degree in chem engg/Paper technology. Post grad degree in chemistry, doctorate in chem engg/organic/applied/analytical chem * *Reqd* 15 years experience in quality control/process control, effluent treatment, etc, including 5 years in senior position * *Cont* General Manager, A.P.Rayons Ltd, 1-2-597/15, Gagan Mahal, P.B.No.1053, Hyderabad 500 029 (TOI-25.3)
- MANAGER (Industrial Relations) * Goa * *Sal* Attractive * *Age/Qlfn* Around 40 years * Post graduate qualification in Personnel Management & Industrial Relations * *Reqd* 10 years experience in the industrial relations function * *Cont* MS/5662, A.F.Ferguson Associates, P.O.Box 1786, Bombay 400 001 (TOI-25.3)
- CHIEF MANAGER (Works) * Calcutta * *Sal* Commensurate with qualifications & experience * *Age/Qlfn* NS * Electronics Engineer * *Reqd* 12-15 years experience in manufacturing & product development, including 5-7 years as divisional head * *Cont* The Managing Director, Webel Telematic Ltd, A.G.Towers, 2nd floor, 125/1 Park Street, Calcutta 700 017 (TOI-25.3)
- REGIONAL SALES MANAGERS * Metropolitan Cities * *Sal* Attractive * *Age/Qlfn* Around 30 years * B.Sc/B.Pharm * *Reqd* 4-5 years experience in marketing I-V solutions * *Cont* Manager (Personnel), Tata Pharma, Union Cooperative Insurance Bldg, 23 Sir P.M.Road, Fort, Bombay 400 001 (TOI-26.3)

OVERSEAS

- MARKETING MANAGER (Food Industry) * Kenya * *Sal* Attractive * *Age/Qlfn* NS * NS * *Reqd* 5 years professional marketing and sales management experience in branded consumer foods * *Cont* Anand & Associates, 914, Maker Chambers V, Nariman Point, Bombay 400 021 (TOI-7.4)
- CHARTERED ACCOUNTANTS * Middle East locations * *Sal* In line with market conditions * *Age/Qlfn* NS * Chartered Accountants * *Reqd* Training with reputable firm of C.A.s * *Cont* A.F.Ferguson & Co., P.O.1786, Bombay 400 001 (TOI-7.4)
- TECHNICAL/PRODUCTION MANAGER * Yemen * *Sal* High, tax free + perks * *Age/Qlfn* NS * Polymer/plastic & rubber technologists/post graduates in organic industry * *Reqd* 10 years experience preferably in PVA/isoprene adhesives * *Cont* CMP/F-4183, Datamatics Staffing Services, P.O.Box 106, GPO, Bombay 400 001 (TOI-7.4)
- SYSTEMS PROGRAMMER * Dubai * *Sal* Attractive * *Age/Qlfn* Around 25 years * Degree in engineering; specialisation in computer science/electronics * *Reqd* 4 years experience in systems software with one year on IBM AS/400 or system/38 environment * *Cont* A.F.Ferguson & Co, Post Box 1786, Bombay 400 001 (TOI-7.4)
- MANAGER * Emirates * *Sal* Attractive * *Age/Qlfn* NS * B.F. in mechanical/electrical engineering * *Reqd* 8 years experience in servicing & maintainance of gen sets, etc. * *Cont* B.M.Mehta & Co, 36 Oasis Near Municipal Market, Vakola, Santacruz (E), Bombay 400055 (TOI-31.3)

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Mr. S.C. Seth

Kishinchand Chellaram (India) Pvt. Ltd.,

Gazdar House, 3rd floor, 629-A, Jagannath Shankar Shett Marg, Bombay, 400 002.
Phone Nos: 312896/312518. Fax: 2870033. Telex: 83805 LKEX IN Gram: CHELLSONS.

A reputed industrial house needs

GENERAL MANAGER

MARKETING

(Rs.1.5 lakhs plus)

We are a reputed industrial house, well-known world-wide for our top quality fabrics. We now intend entering the premium readymade garment markets. We are looking for a dynamic Marketing man with a proven track-record, preferably in the readymade garment industry. The candidate should be a graduate with minimum 5 years' experience as a senior manager.

He would be reporting directly to the President, being responsible for Product Planning and Development; evolving Marketing Strategies and Policies; development of Distribution channels and Retail networks; Market Research and Studies; providing necessary leadership and thrust to Field operation. The job will entail extensive travelling within the country and abroad.

Apply with detailed bio-data and passport-size photograph to Post Box NO, 9906, Colaba Post Office, Bombay 400 005

BPL

BPL – a multi-locational, multi-divisional organisation, is a pioneer in electronics with six product groups, ranging from professional to consumer electronics. It has over 5,000 employees, a turnover of around Rs. 600 crores which is expected to increase to Rs. 1,000 crores in the next three years.

BPL requires:

GENERAL MANAGER / ASSISTANT GENERAL MANAGER – SALES – WESTERN REGION
Location – Bombay

Applicants should be Engineering/ Science graduates preferably with post-graduate qualifications in Business Management, in the age group 32-40 and with relevant experience in Marketing/Sales preferably in consumer electronics/ durables industry, with the last three years in a Senior Management position.

The candidate should be mature with outstanding leadership qualities to take overall charge of the operations in the Western Region.

Job entails sales of TVs, Videos & Audio Products, Medical, Test & Measuring Instruments, Plain Paper Copiers, Electronic PABXs, Push Button Telephones and related products. Job responsibilities include management and supervision of 250 Sales and Service staff and handling a rapidly growing sales turnover exceeding Rs. 100 crores.

Salary will match the best in the industry and shall not be a constraint for the deserving candidates. Attractive perquisites, include chauffer-driven car, leased accommodation, and other benefits applicable to the position.

Those who fulfil the above requirement may apply within 10 days with detailed bio-data and recent passport-size photograph, superscribing the envelope with the post applied for, to:

BPL-INDIA
BPL Towers,
13, Kasturba Road,
Bangalore-560 001

BPL

IN PURSUIT OF PERFECTION

VIDEOCON

mps have been retained by **VIDEOCON** to recruit **GENERAL MANAGER** for setting up a **TOOL ROOM** with foreign collaboration for the manufacture of Dies and Moulds for making various sheet metal and plastic components.

GENERAL MANAGER

The incumbent will be responsible for setting up the Tool Room facilities right from scratch, involving plant design & layout selection of machinery, their procurement, installation and commissioning and, eventually, running of the unit.

Applicants should be graduate engineers, around 40/45 years old preferably with post-graduate qualifications in metal working or die design.

They should have 12/15 years of relevant experience in automobile/2-wheeler and/or consumer durable industry and should be fully conversant with and aware of the sources of availability of advanced NC/CNC equipment for die/mould making. In addition, they should also have had experience in setting up of a new tool room or in substantially expanding/modernising an existing one.

This is a very challenging and demanding assignment requiring a high degree of technical competence and an ability, as well as willingness to work to exacting and punishing schedules. Compensation is designed to attract the best talent available and will be no bar for the right candidate; the bigger attraction, however, will be the opportunity to set up one of India's most modern and sophisticated Tool Rooms.

This position is based in Aurangabad.

Please send your application, alongwith a recent photograph, mentioning two, non-relative references to:



hemendra k. varma
management productivity systems, post box 9313, bombay-400 036

SCA LTD, require for their Subsidiary Companies
– FARREL ANAND MACHINERY MFRS. LTD.,
– ALA CHEMICALS LTD
the following professionals :

1. GENERAL MANAGER — PRODUCTION (WORKS) :

To co-ordinate all activities in the Engineering subsidiary (FAMM) and assume total responsibility for Production, Delivery of manufactured equipment on schedule, Labour relations at factory, timely procurement of materials/services and budgetory/cost control. Should preferably be a first class Mechanical Engineer with experience of not less than 15 years in a comparable heavy Engineering industry.

2. GROUP GENERAL MANAGER – FINANCE :

He will be responsible for all Financial functions including Financial Planning, Banking, Accounting, Budget, Cost Control, Audit, and Taxation matters of the entire group.

The incumbent should have a very bright academic career and should be professionally qualified (Chartered / Cost Accountant M.B.A. (Finance) preferably with post graduate qualifications in Management accountancy). He should have experience of atleast 10/15 years in similar capacity.

3. GROUP GENERAL MANAGER – PROJECTS :

Successful candidate should be able to identify profitable product lines, prepare project reports (in conformity with the guidelines of the financial institutions) and implement projects in Engineering/ Chemicals fields.

Applicants should have an outstanding academic background and proven track record of implementing projects in Chemical and Engg. industries with atleast 10/15 years experience.

4. GROUP GENERAL MANAGER – PERSONNEL :

Responsible for formulating personnel policies, e.g. Manpower planning and development; Industrial relations, fixation of Pay scale and Compensation packages for employees etc. He will also be responsible to execute the policies and negotiations with the union.

Applicant must have a bright academic career and a Post Graduate Diploma in Labour Management with 10 to 15 years experience in senior capacity in Engineering/Chemical Industries.

5. GROUP GENERAL MANAGER – PURCHASE :

Will have responsibility for procurement of Materials/ Spares/Components/Chemicals/Raw materials/Stores items, etc., and inventory control on scientific basis.

Those having very good academic career with specialisation in purchase management and experience of 10/15 years in comparable industries preferred.

6. SALES MANAGER – RUBBER MACHINERY :

Suitable candidate should be capable of technically and commercially selling equipments to customers in the Tyre and Rubber industry.

The incumbent should be qualified Engineering graduate with MBA in Marketing and having experience of 5/10 years in selling Capital Equipments.

7. SALES MANAGER – CHEMICALS :

Will be responsible for selling Speciality Chemicals to the Plastic and Rubber Industry on all India basis.

Should be preferably a B. Tech (Polymers)/Chemical Engineer from a recognised University and M.B.A. (Marketing) with 7/10 years experience in Sales and Marketing of Speciality Chemicals, preferably to the Plastics Industry

8. PRODUCTION MANAGER – CHEMICALS (WORKS) :

The selected candidate will be responsible for production planning, ensuring timely receipt of raw materials, Management of Labour and ensure that production targets are met strictly in terms of time and quality.

He should have a first class degree in Chemical Engg. with atleast 5/10 years in a similar capacity with similar responsibilities.

Candidates for the post 1,2,3,4 & 5 should preferably be in age of 40 to 45 years and candidates for the post of 6,7 & 8 should be preferably in the age of 35 to 40 years.

These are key Positions. Compensation Packages will be very attractive and will not be a limiting factor for right candidates.

*Please apply indicating the Post number applied for on the envelope to:*The Director,
SCA LTD.
Mahalaxmi Chambers, 3rd floor,
22, Bhulabhai Desai Road, Bombay 400 026

Modpub

VIDEOCON

WASHING MACHINES DIVISION

mps have been retained by **VIDEOCON APPLIANCES LIMITED** to recruit the following personnel for their WASHING MACHINE DIVISION at Aurangabad, which produces India's largest selling semi-automatic and fully-automatic Washing Machines, manufactured in technical collaboration with Matsushita Electric Industrial Co., Japan, owners of the brand name National.

ASST. GENERAL MANAGER — Materials

Applicants should be around 40 years, Graduates preferably Engineers, with formal qualifications in Materials Management. They should possess 15/18 years of relevant experience, of which **atleast 8/10 years should have been as the head of the procurement function in Light Engineering/Auto or Consumer Durable Industry.**

The job will have a strong accent on vendor development and appropriate experience is essential. Familiarity with use of computerised systems in Materials Management will be a distinct advantage.

MANAGER — Purchase (2 positions)

The incumbent will be responsible for the procurement function of a wide range of items, covering raw materials, components, proprietory items, plastic raw materials and moulded components, maintenance spares and consumables, civil engineering goods and capital equipment.

Applicants should be about 35 years, Graduate Engineers, preferably with post-graduate qualifications in Materials Management. They should have a working experience of 12/15 years of which **atleast 7/8 years should have been in the procurement function of a Light Engineering or Consumer Durable company.**

MANAGER — Vendor Development (2 positions)

The incumbents will be responsible for all indigenisation activities and developing a strong and reliable body of vendors to meet the growing need for a steady supply of various components to cater to the rapidly increasing output.

Applicants should be about 35 years, Graduate Engineers, with qualification in Materials Management. They should possess 10/12 years of experience, of which **atleast 5/6 years should have been in or related to vendor development.**

ASSISTANT MANAGER — Stores (3 positions)

The job involves total responsibility for all stores related activities in the receiving section or component stores. Personnel are also needed for the Warehouse/Excise/Despatch area.

Candidate should be between 28 to 32 years, Graduate (preferably Engineers), with qualifications in Materials Management. They should have 6/10 years of experience, of which **at least 3/4 years should have been in the Stores area in a Light Engineering Industry handling over 1000 items in inventory.**

All positions are based at AURANGABAD and carry an excellent compensation package, comparable with the best in the industry.

Please send your detailed bio-data (marking clearly on the envelope the position applied for), mentioning 2 non-relative references, to:



hemendra k. varma
management productivity systems, post box 9313, bombay - 400 036

VIDEOCON

WASHING MACHINE DIVISION

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ASST. GENERAL MANAGER — Personnel & Administration

The incumbent will have responsibility for all the personnel, industrial relations and administration functions of the division. He will lead a team of senior managers and would be required to assist and advise them on all policy matters, as well as ensure smooth running of these functions on day-to-day matters.

The ideal candidate would be between 40 to 45 years, a Graduate with post-graduate qualifications in Personnel Management/Industrial Relations from a recognised institute like XLRI, TISS or IIMs. He should possess around 15/20 years of experience in this area, of which **atleast 5 years should have been as the head of a similar function in a manufacturing organisation.**

We need a person who is strong in inter-personal skills, excellent in communication and enjoys working with and for other people.

MANAGER — Industrial Relations/Administration

The incumbent will be responsible for all matters related to selection/recruitment of workmen, their terms of employment, ensuring compliance with various statutory provisions applicable to the unit and building up and maintaining a healthy and productive industrial relations climate. He will also have responsibility for all administration matters pertaining to the other unit.

Applicants should be Graduates with post-graduate qualifications in Industrial Relations/ Personnel Management from a recognised institute like XLR1, TISS or IIMs. They should be around 35 to 40 years with 12/15 years of relevant experience, of which **atleast 3/5 years should have been as the head of the function in a manufacturing unit employing more than 500 workers.**

SENIOR MANAGER — Personnel/HRD

The incumbent will be responsible for the recruitment, selection and training/career development of managerial staff. He will also help in formulating & implementing policies on salary administration, promotions and job rotations for the managerial group.

Candidates should be Graduates with post-graduate qualifications in Personnel Management from a recognised institute like XLR1, TISS or IIMs. They should be around 35 to 40 years with 12/15 years of relevant experience of which **atleast 3/5 years should have been as the head of the function in a manufacturing organisation.**

All positions are based at AURANGABAD and carry an excellent compensation package, comparable with the best in the industry.

Please send your detailed bio-data (marking clearly on the envelope the position applied for), mentioning 2 non-relative references, to:



hemendra k. varma
management productivity systems, post box 9313, bombay-400 036

THE

Business India

GROUP

The Business India Group, publishers of Business India, the leading business magazine in the country, has recently launched a new division, **The Directory Division.** This division will produce specialised and business directories for various segments. The division has already launched its series of Export Directories and has been contracted to produce directories of Member Establishments for major credit cards of banks both Indian and foreign . We will also be shortly entering the Telephone and Yellow Page Directory market.

The Directory Division is now expanding its operations to an All India base. For this the Group requires information marketing and sales personnel at the following levels:

Branch Managers **Area Sales Managers**

Territory Managers **Asst. Territory Managers**

We are looking for people with experience in frontline selling and with at least 3-5 years experience at supervisory levels. Experience in advertising space selling/sale of office automation products/institutional selling will be an added advantage. People who have independently handled branch level operations and have administrative skills will be considered for senior levels.

We have openings in Bombay, Delhi, Calcutta, Madras, Hyderabad, Bangalore, Lucknow and Indore. Applicants should send their resume with details of past experience to.:

Mr. T.R. Padmanabhan
General Manager (Technology Div.)
Business India Directory Division
59 Regal Bldg., Connaught Circus
New Delhi 110 001.

BRANCH MANAGERS

MARKETING / ACCOUNTS BACKGROUND

If you need reasons to sell our software, take a look at our competitors' products.



Or better still, take a look at what you'll be ridding others of !

Unlike other accounting software, WINGS 5.0 is the brainchild of practising chartered accountants. The outcome of intensive research, WINGS 5.0 is unique in more ways than one. In its friendliness, elegance, power, versatility and range, WINGS 5.0 is arguably the best business software in India. Having acquired more than a 90% share of the Hyderabad market, WINGS 5.0 is poised to conquer the national market.

To do this, we are on an active search to appoint **Branch Managers** in Bombay, Delhi, Calcutta, Bangalore, Madras, Pune, Ahmedabad, Surat, Baroda, Coimbatore, Trivandrum and Cochin. These senior level executives should have a strong accounts background, be MBAs or CA/CA Inter, and show a flair for marketing. The branch managers will head teams of **Marketing Executives.** Incumbents for this post must be motivated young people with accounts background. Preferably fresh graduates with initiative and individuality.

Lastly, while our software is priced on the lower side, our pay scales aren't!

If you think you're one of the people we're looking for, rush us your complete bio-data in absolute confidence. If you're good but in a city other than those mentioned above, do apply.

We may soon start a branch in your city too.

GANDHI
CONSULTANTS

1002, Paigah Plaza, Basheerbagh, Hyderabad - 29.
Ph : 236484, 237263, 237318.

TDG 22891

VITREOUS®

Hindustan Sanitaryware is part of an industrial house with a group turnover of Rs.300 crores. The Company requires for its Ceramic Division at Bahadurgarh, 30 Kms from Delhi, the following personnel:

MANAGER (TRAINING & DEVELOPMENT):

The candidate should have Post-Graduate qualifications in Personnel Management with atleast 10 years experience, out of which 5 years should be in the areas of Training/HRD of workers and staff in industry. Persons from Industry related institutions may also apply.

MANAGER (MARKET INTELLIGENCE/DEVELOPMENT):

The candidate should be a Post-Graduate in Business Administration from an Institute/College of repute with around 10 years experience in the planning function of marketing of consumer products. Candidate with good field exposure and willing to take up this kind of assignment may also apply. He would be the person to look after the planning function; liaison with advertising agencies; work out future marketing strategies etc.

HINDUSTAN SANITARYWARE

MANAGER (TRADING & EXPORT):

The candidate should be a Graduate with atleast 10 years experience in trading activities of branded products. He would be required to identify sources of supply of products other than those manufactured by the Company for branding, both for domestic and export markets. Knowledge of exports would be an advantage.

Preferred Age for all the posts is 35-40 years.

Salary will be commensurate with qualification and experience. Suitable residential accommodation will be provided nearby. While the Company has its own convent school at Bahadurgarh, transport facilities are also provided for some places of Delhi for school/college going children. Interested candidates may please apply giving detailed bio-data together with passport size photograph within 10 days to:

President
Hindustan Sanitaryware & Industries Ltd
603, Deep Shikha, B-Rajendra Place, New Delhi-110 009.

Our client is a rapidly expanding group of companies based in Buraimi in the Sultanate of Oman and the group has successfully promoted projects to manufacture garments and bulk drugs besides setting up a luxury hotel. We have been retained to assist in the selection for the following positions:

PROFIT CENTRE MANAGERS

(MS/5668)

These positions report to the Group Vice President and specific vacancies exist to head the readymade garments and bulk drugs manufacturing units in addition to requirements for other projects currently at the planning stages. Setting and achieving sales, profitability and productivity targets besides liaising with international customers and suppliers will be key assessment criteria.

Candidates will ideally have around 15 years experience in reputed organizations and will currently be at a general management level with full profit centre responsibilities. Relevant experience in the garments export trade and pharmaceutical industry would be advantageous, though not essential. Exceptional man management skills and the ability to lead and deliver results are essential requirements. The preferred age is 35 to 40 years.

GROUP FINANCIAL CONTROLLER

(MS/5669)

The selected candidate will be based at the group's head office and be expected to improve upon and implement financial control systems and will be responsible for all aspects of financial and management accounting and treasury matters.

Candidates will be chartered accountants who have a successful track record at unit and head office levels in multi-divisional diversified organizations. Knowledge of computerized systems and exposure to international finance and project management are desirable. The preferred age is 35 to 40 years.

ACCOUNTS EXECUTIVES

(FINANCIAL/MANAGEMENT ACCOUNTING)

(MS/5670)

Candidates will be chartered accountants who have at least 7 years experience in large diversified groups and have been exposed to reasonably complex systems preferable computerized, in the areas of financial and/or management accounting. These positions are based at the group's head office and report to the Group Financial Controller. Selected candidates will be placed in appropriate positions depending upon aptitude and experience.

The salaries offered for these positions are competitive and the benefits will include furnished housing, annual leave passages, medical and end of term benefits. A company maintained car will be provided for all positions except Accounts Executives.

Please apply in strict confidence within 10 days to:

A.F.Ferguson & Co.
P.O. Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn along with a recent passport size photograph and contact telephone numbers. All applications and envelopes should be marked with the relevant reference numbers.



THE UB GROUP

REQUIRES

TECHNICAL EXECUTIVE - INDUSTRIAL AND AUTO PAINTS, NAIROBI

The UB Group with a world turnover of US $ 1 billion is one of the fastest growing industrial groups in the country today. The Group with a widely diversified business portfolio, has manufacturing and trading operations in more than 24 countries outside India. Our international operations include paints, pharmaceuticals, chemicals, cement additives and trading.

The job involves guiding technical, sales and service respresentatives in achieving growth and market-share targets; spearheading new product development and technical formulations for industrial paints and auto paints; besides giving technical support to the resins and industrial adhesive groups.

The person concerned should be a Paint Technologist with at least 15 years' experience in Product Development, Industrial Sales and Marketing, giving technical support to customers and training customer personnel.

The job shall be initially for a contract period of 2 years, however, the same may be extended mutually. The remuneration is attractive. Besides local salary, he would be entitled to a liberal bonus, company housing and a car.

Those interested may apply within 10 days, giving complete details of age, qualifications, experience, salary drawn, etc. to

Group Vice President
Personnel & Administration
The UB Group
One, Vittal Mallya Road
Bangalore 560 001.

bajaj auto ltd.

REQUIRES

SENIOR PROFESSIONALS

(For their Two / Three Wheeler, Plant at Waluj, Aurangabad.)

SENIOR MANAGER / MANAGER (HRD)

Candidate should be Graduate in any Engineering discipline with additional post - graduate qualification in Personnel Management / Behavioural Sciences from institute of repute. He will be responsible for apprenticeship training under Apprentices Act, 1961 and HR functions including identifying training needs, performance appraisal at all levels and designing / conducting In-house and External training programmes.

A thorough knowledge and practical exposure in implementation of recent HR concepts and techniques is essential.

He should have experience around 15 to 20 years preferably in Engineering Company / Automobile Industry with at- least 3 to 5 years at Managerial level.

SENIOR MANAGER / MANAGER (FINANCE)

Candidate should be a Chartered Accountant / ICWA. He will be responsible for the entire finance/ accounts function. It includes budgeting, finalisation of accounts envolving MIS, compliance with statutory provisions and liaison with financial institutions and Banks and other concerned agencies. He should be conversant with Income Tax, Sales Tax & Central Excise procedures.

He should have minimum 10 years post qualification experience in Public Ltd. , company with at - least 5 years at Departmental Head level.

Experience in Automobile field will be an added qualification.

ASSISTANT MANAGER (MIS) (COMPUTER HARDWARE MAINTENANCE)

Candidate should be Graduate / Post Graduate in Electronics Engineering with 5 to 8 years experience in Maintenance of Computer related hardware. He is expected to organise and direct the activities of the Computer Hardware Maintenance group which is responsible for the up keep and maintenance of PC's / terminals / printers numbering around 200 at present. He will be supported by a team of qualified engineers. Strong diagnostic skills and an indepth exposure to card / component level debugging is a prerequisite.

Salary commensurate with qualifications and experience.
Unfurnished housing accommodation can be considered.

Please apply within 15 days to : Manager (Personnel) , Bajaj Auto Limited, Bajaj Nagar, Waluj, Aurangabad - 431 133 along with your bio-data, including details of age, qualifications with year of passing, experience, salary drawn and expected together with a recent passport size photograph.

Dabur INDIA LIMITED

Dabur India Limited, a Rs. 180 crore Company, is in the forefront of the Indian Health and Beauty Care Industry. Many of our products like Dabur Amla Hair Oil, Dabur Chyawanprash and Hajmola are brand leaders. Ours is a fast growing company with ambitious plans. We require:

AREA MANAGERS

PRINCIPAL CITIES.

ATTRACTIVE SALARY AND PERKS

RESPONSIBILITIES

As Area Manager, you will be responsible for developing and controlling sales of your territories. Job involves, field staff management, implementation of sales promotion activities and will entail extensive travelling.

QUALIFICATION

Graduates preferably with Management qualifications. Minimum 5 years experience in selling of consumer products of which at least 2 years should be at the Supervisory / Managerial level.

Knowledge of at least one local language is a must.

AGE

30 to 35 years.

The organisation offers excellent growth and career opportunities.

Please apply within 10 days giving full details of age, experience, qualifications, nature of present assignment, languages known and salary drawn alongwith a Passport size photograph to:

The General Manager (P&A),
Dabur India Limited
'E' Block, Harsha Bhawan, Connaught Place,
New Delhi-110 001.

THE ENVELOPE SHOULD BE SUPERSCRIBED — AREA MANAGER.



CEAT

FINANCIAL SERVICES LTD.

CEAT Financial Services Ltd., is an **RPG enterprise** in the Financial Services Industry.
Our rapid growth has necessitated the immediate recruitment of the following personnel:

MANAGER – MERCHANT BANKING DIVN. (Bombay)

The incumbent will head the Merchant Banking Division including market operations, O.T.C. transactions and Portfolio Management.

The person should be a Chartered Accountant and/or M.B.A. from a premier institution with not less than eight years' experience in the financial services industry handling merchant banking activities. The candidate should be well-versed with bills and securities market, issue management, etc. besides having excellent communication skills and the ability to look beyond the current scenario.

Age: Not exceeding 35 years.

ASSISTANT MANAGERS (Metro cities)

Candidates should be Chartered Accountants and/or M.B.A. from a premier institution with not less than three years' experience in handling one or more of the following areas:–

Hire Purchase/Lease Marketing/Bills Marketing/Consumer Finance.

He should be willing to travel extensively and should have excellent communication skills.

Age: Not exceeding 30 years.

BRANCH MANAGER (Hyderabad)

The candidate should be a First Class Graduate/Post Graduate from a reputed university with not less than ten years of work experience of which at least five years should be in the financial services industry. He should be well-versed in Fixed Deposit mobilisation/lease/hire purchase and consumer finance marketing.

Age: Not exceeding 35 years.

Salary and benefits for all the above positions will be comparable with the best in the industry. However, no accommodation will be provided by the Company.

Apply in confidence, within 10 days, superscribing the envelope with the post applied for, to:

Chief Manager
CEAT Financial Services Ltd.
102, Maker Chambers III, 10th floor,
Nariman Point,
Bombay-400 021.

RPG ENTERPRISES

VIDEOCON

WASHING MACHINE DIVISION

mps have been retained by **VIDEOCON APPLIANCES LIMITED** to recruit personnel for their WASHING MACHINE DIVISION at Aurangabad which produces India's largest selling semi-automatic and fully-automatic Washing Machines, manufactured in technical collaboration with Matsushita Electric Industrial Co., Japan, owners of the brand name National.

SENIOR MANAGER — Manufacturing Engineering

The job involves responsibility for all Process Engineering i.e. production methods, toolings etc., capital equipment selection & upgradation, and industrial engineering.

Applicants should be around 40 years of age, Graduate Mechanical Engineers, with 12/15 years experience in functions like production, maintenance, process planning and industrial engineering. **A multi-functional exposure and strong technical acumen in the production area would be a distinct advantage for this position.**

SENIOR MANAGER — Plastic Moulding

The job involves total responsibility for the operations of the Plastic Injection Moulding Unit of the Division, having a number of modern and sophisticated machines.

Applicants should be around 40 years of age, and Plastic Technologists with hard-core production experience of Plastic Injection Moulding of atleast 10/12 years. **Ability to diagnose faults, trouble-shoot, control rejections and a thorough knowledge of various plastic materials is essential.**

SENIOR MANAGER — Plant Engg.

The job encompasses total responsibility for installation & commissioning of all plant & equipment and their regular maintenance as well as for all utilities (air, power, water air-conditioning etc.), and various common facilities including selection, layout-design, installation & maintenance. **The incumbent will also be responsible for civil repairs, construction and safety.**

The ideal candidate should be a Graduate Engineer, around 40 years of age with 15 to 18 years of relevant experience of which at least 8 years should have been as head of this function.

MANAGER — Press Shop

The incumbent will be responsible for the efficient running of a large and modern press shop catering to the needs of the units, as well as the motor division.

Candidates should be Graduate mechanical Engineers, around 35 years of age with 10/12 years of experience, of which **atleast 3/4 years should have been as in-charge of Press Shop, preferably in an auto industry. Knowledge of die maintenance & repairs and exposure to quick die-changing methods will be a definite advantage.**

MANAGER — Paint Shop

The incumbent will be responsible for a large, extremely modern pre-treatment and powder coating plant.

Aspirants should be between 32 to 35 years of age, Graduate Engineers, preferably with specialised qualifications in surface treatment/painting or protective coatings. **They should have 8/10 years of paint shop experience with more than 4 years exposure to powder coating**. Knowledge of the EDM process will be a definite advantage. Diploma engineers with sufficient experience may also apply.

MANAGER — Die Maintenance

The job requires taking full charge of the maintenance of all the Moulds for Plastic Injection Moulding as well as the Press Tools and Dies for Sheet Metal work.

The ideal candidate would be around 35 years of age and Graduate Mechanical Engineer with around 8/10 years of Tools Room experience, of which at least 4 years should have been in die maintenance. **Persons with Tool Room experience in the Automobile and/or Light Engineering industry will be preferred.**

These positions are based at Aurangabad, Ahmednagar, Baroda or Noida and carry an excellent compensation package, comparable to the best in the industry.

Please send your detailed bio-data (marking clearly on the envelope the position applied for), mentioning 2 non-relative references, to:



hemendra k. varma
management productivity systems, post box 9313, bombay-400 036

V.I.P INDUSTRIES LTD.

V.I.P is the pioneer and leader in the Moulded Luggage Industry and has had an enviable growth from Rs. 2.5 crores in 1978 to a current turnover of over Rs. 110 crores through sustained Managerial and Technological Innovations by a young and dynamic team of dedicated professionals. We are a multilocational Company having 3 factories in Maharashtra and a staff strength exceeding 3500. To meet the challenges of growth we need for our plant at **NASIK:**

SENIOR MANAGER – DESIGN & DEVELOPMENT

Age: Around 35 years **Gross Compensation: Above Rs. 1 lac p.a. + accommodation**

The incumbent will head a team of creative people for introducing new products and making improvement in existing products in terms of functional requirements and aesthetics.

The Company constantly introduces new products and product features and the ideal candidate will be a product designer with proven creativity and a flair for innovation.

Applicants should preferably be Mechanical Engineers with at least 10 years experience in design and development of consumer durables. Post-Graduate qualifications in Design will be an added advantage.

SENIOR MANAGER – INDUSTRIAL ENGINEERING

Age: Around 35 years **Gross Compensation: Above Rs.1 lac p.a. + accommodation**

The incumbent shall head the Industrial Engineering Department for conducting assignments related to work study, plant layout, job evaluation, design of incentive schemes, manpower planning and other functions related to capacity and investment planning for **ALL** the 3 factories.

Candidates must be Mechanical Engineers with Post-Graduation in Management/Industrial Engineering having at least 10 years of relevant experience in the above mentioned areas.

MANAGER – QUALITY CONTROL

Age: Around 30 years **Gross Compensation: Above Rs. 1 lac p.a.**

The incumbent will be in charge of the Quality Control Department and will be responsible for setting standards and quality of raw material components, in process and finished goods. Responsibilities would also include product and process control through collection and analysis of data on quality.

The Company firmly believes in the pursuit of excellence in quality.

Candidates should be Mechanical Engineers with at least 8 years experience in the Quality Control function of any mass production consumer durables industry. Exposure to S.Q.C. techniques, ISO. 9000 and Quality Circles is desirable.

The Company offers considerable challenge and opportunities for personal and career growth along with a professional work environment that promotes independent responsibility and autonomy.

Please apply within 10 days giving full bio-data to:

General Manager (Personnel)

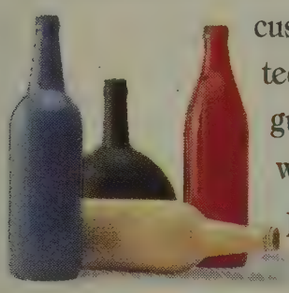
V.I.P INDUSTRIES LTD.

Post Box No.25, Satpur, Nasik 422007

MRF
VAPOCURE
SPECIALITY SURFACE COATINGS

The beginning of an Exciting Career ..

MRF, India's No. 1 tyre company, is well positioned to cruise into the nineties with an accent on diversification. It has always been MRF's prime objective to deliver world class quality to customers. In this endeavour, MRF now brings yet another state-of-the-art technology – MRF VAPOCURE. This latest technology from Australia guarantees an impeccable finish for any surface, be it glass, metal, plastics, wood or ceramics, in just 10 minutes, at room temperature.





MRF VAPOCURE, in the true spirit of MRF, offers you a great new opportunity to strike it rich in surface coatings. Begin a new and exciting phase in your career, with MRF.



TECHNICAL MANAGER

A confirmed researcher who never tires finding ways to reduce costs and enhance product qualities, indigenise raw materials and control quality. Doctorate in Chemistry/Polymer Science/Paint Technology with over 10 years experience preferred.

PRODUCT MANAGERS – GLASS/METAL/WOOD/PLASTICS

Seekers of the perfect finish for products,with a passion for smooth surfaces. MBA's with Engineering or Science background and minimum 3 years relevant experience in marketing paints to the metal/wood/plastic and bottle-user industries.

REGIONAL SALES MANAGERS/EXECUTIVES

Born achievers dyed in fast colours. Handling all relevant jobs with great verve and style. B.Sc. or B.Tech. in Paints or equivalent with minimum 3 years relevant experience in sales in a reputed company.

PRODUCTION MANAGER/EXECUTIVE

The original organiser who can delegate and get things done. Engineering graduates/Paint Technologists with minimum 5 years of manufacturing experience in a reputed paint company.

PAINT TECHNOLOGISTS/CHEMISTS

Men of colours to join the Technical team and help formulate industrial coatings as per customers' requirements. B.Tech/M.Sc. with 2 years relevant experience in the Processing/R&D of a reputed company.

Come, begin a colourful career with MRF VAPOCURE. Write to:

Director – Human Resources and Services,
MRF LIMITED, Tarapore Towers, 826, Anna Salai, Madras – 600 002.

Please superscribe the envelope with the post applied for.

VIDEOCON

CONSUMER ELECTRONICS DIVISION

mps have been retained by **VIDEOCON** to recruit personnel for their Consumer Electronics Division which is in the process of installing major plastic processing capabilities. A modern and sophisticated plastic injection moulding plant is nearing completion at AURANGABAD, and work on another will soon commence at AHMEDNAGAR.

PLASTICS PERSONNEL

PRODUCTION INJECTION MOULDING (4 positions)

The incumbent will be responsible for quality, output and cost of production, in a new factory using the most modern and sophisticated Japanese plant and machinery.

Applicants should be Plastic Technologists, between 27-32 years of age, **with a thorough knowledge of plastic materials and the production process.** They should possess a working experience of 5/8 years in plastic injection moulding.

PRODUCTION – PLASTIC EXTRUSION (2 positions)

The job responsibilities and candidate profile are similar to the above position; however **aspirants must possess hard-core production experience of atleast 3/5 years in plastic extrusion.**

PLANT MAINTENANCE (3 positions)

Aspirants should be Graduate Mechanical Engineers, between 26 to 30 years of age, and having a working experience of 4/5 years, of which at least two years should have been in maintaining plastic processing plant & equipment. **Thorough knowledge of hydraulic systems, including trouble-shooting and maintenace, is an essential requirement.**

DIE MAINTENANCE (2 positions)

The incumbent will have total responsibility for the upkeep and maintenance of all dies for plastic processing. Candidates should be Plastic Technologists, between 27 to 32 years of age and **possessing 4/6 years of experience of a similar nature,** Candidates who have also worked in production and or die-design will have a distinct advantage.

VENDOR DEVELOPMENT (3 positions)

Apart from the in-house manufacturing activity, a number of small plastic components, in large volumes, will need to be procured from outside on a regular basis. For this, we require Plastic Technologists **with a thorough knowledge of design and development of dies for injection moulded plastic components.**

The job will entail guiding and assisting the vendors in producing a variety of plastic components to exacting quality standards, Candidates should be between 27 to 32 years of age, with 6/8 years of experience of similar nature. **They should be fully conversant with the use of various types and grades of plastic raw materials.**

The above are middle level positions, based at AURANGABAD and AHMEDNAGAR. Compensation is designed to attract the best talent available and will not be a constraint for the right candidate.

Please send your detailed bio-data (marking clearly on the envelope the position applied for), mentioning two non-relative references, to:



hemendra k. varma
management productivity systems, post box 9313, bombay - 400 036

INDAL

requires

MANAGER – QUALITY SYSTEMS

at its Corporate Office (Calcutta)

THE COMPANY

Indian Aluminium Company, Limited is a professionally managed, multi-product, multi-location Company. A pioneer in the aluminium industry, its corporate culture and work environment provide opportunities for people to develop into innovative and result-oriented cohesive teams.

THE REQUIREMENT

Reporting to the Chief Executive – Training & Development and Quality Systems, the incumbent is expected to spearhead the campaign for Total Quality Management (TQM) throughout the company in six states covering diverse operations like mining, smelting, chemicals, rolling of sheet and foil, extrusions, marketing etc. He will act as a trainer in TQM and will organise and coordinate TQM Committees in all plants and offices, guiding the Committee members on TQM methods.

Applications are invited from candidates having first class Degree in Engineering and seeking high degree of challenge at work. Experience of around 10 years in production/quality is essential with familiarity of statistical process and quality control techniques and the requirements of the ISO – 9000 series of Quality Systems standards.

Age around 35 years.

Salary and perquisites will be commensurate with qualifications, experience and track record.

Please apply in confidence (superscribing the envelope with the post) within 15 days stating age, qualification, experience, present and expected emoluments to:

Staff Manager

Indian Aluminium Company, Limited

1 Middleton Street
Calcutta 700 071

INDIAN SEAMLESS

growth through excellence

The Flagship Company of the Group, **The Indian Seamless Metal Tubes Limited** has embarked on an ambitious backward integration project to manufacture high quality carbon and alloy steel rounds using state-of-the-art technology. A new Company, **Indian Seamless Steels and Alloys Limited (ISSAL)** has been set up and the Project is in an advanced stage of implementation.

The Plant, situated in the vicinity of Pune will have a capacity of 150,000 TPA and will use the latest steel making technology and equipment such as Electric Arc Furnace, Ladle Refining, Vacuum Degassing, Continuous Casting Machine and High Reduction Mill.

For this Project, the following personnel are required :

MANAGER (CCM/HRM)

Candidates must be qualified, mechanical/metallurgical engineers with at least 10 years' experience in Production or Maintenance functions in a modern steel plant. Persons having experience in operations/maintenance of modern Bow Type Continuous Casting Plant and/or modern Rolling Mill would be preferred. Preferred age around 35 years.

MANAGER (CIVIL & STRUCTURAL)

The ideal candidate would be a qualified Civil Engineer with at least 10 years' experience in design/execution of heavy civil and structural work and foundations for heavy equipment and machinery. The job involves checking the designs prepared by consultants and coordinating/supervising the erection and civil works including a township and colony near the site of the steel plant. Preferred age around 35 years.

MANAGER (MATERIALS)

The ideal candidate would be an Engineering Graduate with MBA in Materials Management and having at least 10 years' experience in materials/purchase function in a large engineering industry. He should have preferably handled purchase of capital goods for large projects including Import formalities and drawing up of contracts and guarantees. He should be able to develop/install procedures for purchase/inventory control. Preferred age around 35 years.

The salary and perquisites compare favourably with the best industry practice, and there are good prospects for advancement. Please apply in confidence within 15 days giving full particulars of age, qualifications, experience, position applied for, salary drawn and expected, to :

MR. A.V. PRADHAN
GROUP CHIEF EXECUTIVE (HRD)
THE INDIAN SEAMLESS METAL TUBES LIMITED
6 E RAMABAI AMBEDKAR ROAD
PUNE 411001
TEL.: 661462/661464.

91-176

A Company belonging to a large Industrial Group, having marketing offices and dealer network in all the major States, wishes to recruit dynamic persons for the following posts :

VICE-PRESIDENT (MARKETING)

Candidate should be preferably a Post-Graduate with specialisation in Marketing Management or Graduate Engineer, with more than 15 years experience in a senior position in marketing consumer durables/consumer products on national basis. He should be fully conversant with modern marketing techniques and will head the entire marketing functions. Age Limit : 50 years. Selected candidate will be posted at Calcutta.

REGIONAL MANAGER (BOMBAY)

Candidate must be a Graduate with a minimum of 10 years experience in marketing consumer durables/ consumer products, with a minimum of 3 years in a responsible position as Branch Manager in a leading public limited company. Age Limit : 40 years.

Remuneration will not be a constraint for the right candidate. He will be provided an attractive pay package with excellent perks. Interested candidates may apply within 15 days, giving full particulars and quoting Ref. No. MS-735 to :

S R Batliboi Consultants Private Ltd.
36 Ganesh Chandra Avenue
Calcutta 700 013

DPS—312

INSILCO

Terms: Attractive **Location: Near Delhi**

INSILCO LIMITED is a joint venture promoted by Vam Organic Chemicals Ltd. in technical and financial collaboration with Degussa AG of Germany. The Company is setting up a Rs. 77 crores project for manufacture of Spray Dried Silica at Gajraula, about 100 kilometers from Delhi on the National Highway to Lucknow.

Degussa, who is amongst the largest Chemical Companies in Germany and the world's largest manufacturer of Silica, has a 34% equity participation in Insilco.

The Company is looking for mature candidates, who can work under pressure as a member of a team of professionals. The working environment is result-oriented and high performers can expect fast growth. The Company is interested in applicants who are looking for a long term career with us. Housing in the Factory's premises will be provided.

Vice President (Works)/General Manager (Works)
The incumbent should be Graduate Engineer in the age group of around 45 years. He should have 15-20 years experience in plant operations. Of this, atleast 5 years should have been Head of a Chemical Plant.

He would be responsible for production, commercial, administration and local liaision work at plant.

Senior Manager/Manager (Commercial)
The candidate should be Graduate Engineer with 10-12 years experience in materials planning, stores, inventory control, purchase, warehouse despatches, excise, sales tax matters preferably in a chemical industry.

Senior Manager/Manager (Accounts)
The candidate should be a Chartered Accountant with 10-12 years experience in accounts, costing, excise and sales tax of a manufacturing plant. Of this, at least 5 years should have been as a Head of Accounts Department.

Senior Manager/Manager (Production)
The candidate should be a Chemical Engineer with 10-12 years experience in the chemical industry. He would be responsible for the entire manufacturing process, enforcement of good manufacturing practices, meeting production schedules, control of production cost and keep up the production plants to the highest technical standards.

The above positions carry attractive remuneration package comparable with the best in the industry. Applications giving detailed resume along with passport size photo and superscribing on the envelope/application the position applied for, should be sent within 10 days to:

The Managing Director
Insilco Limited
Hemkunt Chambers (3rd Floor)
89, Nehru Place
New Delhi-110 019

PRESSMAN

GENERAL MANAGER: NELLORE

THAPAR WATERBASE LTD. is a new professionally-managed company in the best traditions of the Thapar Group, and is setting up a Rs.30 Crore integrated Prawn Aquaculture Project in Nellore, Andhra Pradesh. The project, a pioneer in the field of Aquaculture, will include a hatchery and grow-out farm of over 500 acres, a feed plant and a state-of-the art processing plant which upon completion, will be the most modern in Asia. TWL's operations will include provision of training in Aquaculture Techniques and infrastructural support to farmers.

TWL is 100% EOU and upon completion will generate exports of over Rs.30 crores.

JOB

The incumbent, based in Nellore and reporting to the Chief Executive will:

- Take charge of the project under execution, coordinate all activities/functions for successful commissioning, and subsequently take responsibility for the operation of the unit as a profit-centre and,
- Become a key member of the team involved in an organisation building exercise.

QUALIFICATIONS/EXPERIENCE

The candidate should be an MBA from a reputed Institute/University, preferably with a technical background, with about 10-15 years of experience in project execution and operation. Preferred age is between 30-40 years.

SALARY

The salary will be, commensurate with the best in the industry with participation in an attractive profit-sharing scheme.

Please apply within 15 days in strict confidence to:

The Thapar Group

Chief Executive
THAPAR WATERBASE LTD
No.19 South Leith Castle Road
Santhome, Madras 600 028

Century/TWL/324/91



If you've made a name in flexible packaging it's time we made your life!

Track-Pack India Ltd., with a multi-crore capital outlay, is looking for doers to join in its growth. The most modern state-of-the-art production facility around Delhi is all set to go into production very soon.

General Manager (Production)

To head the production department we need a technocrat preferably 35 to 40 years, with 7 to 10 years experience. Should have the capability to manage men, materials and time.

General Manager (Marketing)

A live-wire M.B.A. (upto 40 years) needed to take charge of the marketing department. Should have 7 to 10 years experience besides extensive contacts in the industry. Must show solid results.

Manager (Production)

He will be the perfect complement to GM (Production), with technical qualifications and a minimum experience of 5 years (Age upto 32 years)

Manager (Materials)

Preferably an M.B.A. with atleast 5 years experience in Material handling. (Age upto 32 years)

For all positions, experience in flexible printing/packaging industry will be preferred. However, in deserving cases, the conditions can be waived off.

These Senior Management positions carry packages comparable with the best in the industry. We are as flexible as the industry itself, in rewarding our men!

Kindly apply in strict confidence within 15 days to:

Director :

Track-Pack India Ltd.

CFF-8, Ansal Dilkhush Industrial Estate,
G.T. Karnal Road, Azadpur, Delhi-110 033.

Cadila

Needs

PRODUCTION CONTROLLER
(AHMEDABAD)

The incumbent will assume total responsibility of the Company's Pharmaceutical/formulation production activities including achieving planned production targets, maintenance, plant and materials administration and industrial relations by guiding and motivating a team of young professionals. Must have strong personality and leadership with ability in producing time bound results and conforming to the highest standards of quality and good manufacturing practices.

Should have a Doctorate or PostGraduate degree in Pharmacy with approximately 15 years production experience including minimum of 5 years at a senior managerial level.

In order to succeed in this position, he will have to possess high technical and managerial competence and an approach that will accomplish results through people in an organisational environment.

The preferable age is around 40 years. The remuneration will be attractive and commensurate with the individuals back ground for the post and is comparable with the best in the industry.

SENIOR MANAGER -
TECHNOLOGY ASSESSMENT and DEVELOPMENT

The main areas of responsibility will be to advise management on new technology assimilation. He will also identify, formulate and monitor new expansion, diversification and technology updating projects.

Suitable person should be a Ph.D. with Pharmaceutical having atleast 5 to 7 years relevant experience preferably in the pharmaceutical line out of which 2-3 years at a senior level in the Project Dpt.

MANAGER -
PROJECT EVALUATION :

The main areas of responsibility will be to carry out commercial and financial evaluation of new projects. This will include cost analysis and preparing budgets.

Suitable persons should have done M.B.A. with Finance specialization or C.A./I.C.W.A. and have atleast 5 years relevant experience.

The compensation package will be commensurate with qualification and experience and will not be a limiting factor for the suitable person.
Interested candidates should apply within 10 days with a detailed bio-data stating salary drawn and expected to:

THE GENERAL MANAGER (P&A),
CADILA LABORATORIES LTD.,
244, GHODASAR, MANINAGAR,
AHMEDABAD - 380 008.

Cadila cares

IDEA

We are a professionally managed growing Engineering, Procurement and Construction Supervision consultancy organisation catering to Chemical, Petrochemical and Power sectors. Within a span of eight years, we have created a niche in the market by executing challenging projects in the country and abroad.

To sustain our rapid growth, we require:

SENIOR MANAGER/ MANAGER - PROJECTS

Applicants for this home office position should have a degree in Chemical/Mechanical Engineering with 15-20 years of Project Engineering and Project Management experience in large Chemical/Petrochemical projects.

Openings also exist for candidates with the above background with less experience to be considered for Senior Engineer/Engineer positions.

SENIOR MANAGER/MANAGER - SITE SERVICES

The incumbent should possess 15-20 years' experience and must be conversant with Construction Planning, Erection of Piping, Mechanical, Electrical and Instrumentation items pertaining to large Chemical/ Petrochemical industries. He should have independently handled project sites of value more than Rs.100 crores in India.

The incumbent will lead a team of qualified engineers at our project site(s) and should demonstrate a high degree of initiative and leadership. Responsibilities also include active interaction with the sub-contractors and also our clients.

A degree in Mechanical Engineering is preferred.

MANAGER - COST ENGINEERING

Applicants for this home office position should have a degree in Chemical/Mechanical Engineering with about 10-12 years of Project experience including 2-3 years' experience in Costing.

Apply within 10 days with a detailed resume along with details of salary drawn to:

The Chief - HRD & Management Services

INTERNATIONAL DEVELOPMENT AND ENGINEERING ASSOCIATES (P) LTD.
4/5th Floors, Aplex Plaza
3 Nungambakkam High Road, Madras 600 034.

OPERATIONS MANAGER

PRINCIPAL CITIES Rs.60,000 + Perks

A well established successful All India Company is looking for capable professionals for the post of Operations Manager at Madras, Mangalore, Calcutta, Bombay, Vizag, Goa and Kandla. The job involves maintaining the harbour installations of the company and effectively handling the export and import of valuable liquid cargo. Ability to plan operations, skills in man-management, maintaining excellent relationship with the Port and Government Authorities are essential requirements for these positions.

Candidates for these positions should have Engineering Degree/Diploma and must have atleast 5 years experience in similar/related operations. Preference will be given to candidates from the Defence Services and to those with degree/diploma in Business Administration. Knowledge of more than one Indian language would be a distinct advantage.

In addition to good salary and benefits, this progressive company offers a professional environment for growth and development.

Please apply within the next 10 days with a detailed bio-data and copy of your recent photograph to:

BRC **Besant Raj Consultants (P) Ltd.**
35, Second Cross Street
Ramakrishna Nagar
MADRAS 600 028

Grams: BEEORCEE
Phone: 838830/836378
Telex: 041-6778 BRC-IN

SM Zschimmer & Schwarz Chemicals Ltd.

SM Zschimmer & Schwarz Chemicals Ltd is a joint-venture company of SM Dyechem Ltd and Zschimmer & Schwarz Chemische Fabriken, Germany, engaged in diversified manufacturing activities at Ghotawade (Taluka Mulshi, Pune).

The product range includes Leather chemicals, non-ionic and anionic surfactants, Coning oils, Spin finishes, chemicals for the Ceramic industry, etc.

The following senior level positions are sought to be filled immediately:

Research & Development Manager

(Location: Pune)

Candidates should be atleast M.Sc. (Organic) or Ph D with at least 12-15 years experience of guiding R&D activities in a reputed organization or Educational Institution in at least 2 or 3 of the product categories indicated above.

Age: not over 45 years.

Marketing Manager – Man-made fibre products division

(Location: Bombay)

Candidates should be preferably B.Sc/M.Sc(Tech) in Fibre Technology with at least 10 years experience in plant producing Polyester yarn. Familiarity with development of coning oils/spin finishes and carrying out application trials would be an advantage.
Age: Around 40 years.

Marketing Manager – Ceramic Chemicals

(Location: Bombay)

Candidates must hold specialised qualifications in Ceramic technology with at least 10 years in a reputed Ceramic unit. Experience in development of chemicals for use in Ceramic industry would be preferred.
Age: around 40 years.

Apply with complete bio-data within 7 days to:

Vice President – Human Resources

SM Zschimmer & Schwarz Chemicals Ltd
SM House, 11 Sahakar Road, Vile Parle (East), Bombay 400 057.

TAMILNADU DADHA PHARMACEUTICALS LTD

260-262 Royapettah High Road
Madras-600 014.

We are a Pharmaceutical Company of repute, poised for rapid expansion and growth with an enviable track record in development of technology for some of the latest drugs. For implementation of our ongoing expansion plans and strengthening our R&D team, we require

PROJECT ENGINEER

Minimum Qualification: B.E. (Chemical Engineering) with atleast three years experience in Chemical or Pharmaceutical Industry.

Responsibility involves planning and implementing projects including selection of Plant & Machinery, designing, installation and trial production.

MICROBIOLOGIST

Minimum Qualificaton: Ph.D in Microbiology with atleast two years post doctoral experience.

Responsibility involves strain selection, fermentation and microbiological transformations leading to newer drugs, enzymes and chemicals.

The remuneration packages for the posts would be at par with the best in the industry. The incumbents shall be given total freedom in drawing up the plan of action and implementing them to meet the Corporate objectives set from time to time.

Please apply in strict confidence within 10 days to:

The Executive Director,
Tamilnadu Dadha Pharmaceuticals Ltd.,
Dadha Nagar,
MADRAS-600 074. INDIA

Apple

INFORMATION TECHNOLOGY DIVISION

Apple Industries Limited, a well-known Public Limited Company active in the areas of Information Technology and Financial Services, has grown by 996% in turnover and 531% in net profits since its inception in the last 4 years. Today, it is a 600 strong organisation with a network spread across 26 cities in India.

Its Information Technology Division which has around 450 employees, is primarily engaged in Computer Education, Corporate Training, Software Consultancy and Marketing of CBT's & Software related products.

To meet the growth needs, Apple requires:

REGIONAL MANAGER

BARODA

The Regional Manager will be the profit centre head of Baroda operations and will assume overall responsibility of various functional aspects relating to Marketing, Academics, Finance, HRD and Administration of the centre. The incumbent will lead the team of 80 professionals.

The position will be of interest to those candidates who are in their early thirties with around 5 to 7 years experience in IT industry with outstanding track record. Postgraduation in Management is preferred, though not essential.

Excellent man management skills coupled with Marketing Orientation and entrepreneurial spirit are key requirements of the job.

Compensation package is designed to attract the best available talent. Housing, if essential, can be considered.

Please apply within 7 days, superscribing the envelope the position applied for with code IT/RM/12/91 to:

The General Manager
Human Resource and
Organisation Development
Apple Industries Limited
B-4 Amarchand Mansion,
Madam Cama Road, Colaba,
Bombay-400 039.

Now
an opportunity
to be a

PM

Beauty Cosmetics is looking for a

Product Manager

Beauty Cosmetics, makers of "CHIK" range of shampoos, the largest-selling in South India, poised for rapid expansion & diversification, requires the following self-starters to consolidate and expand its operations.

As the Company's Product Manager, you will be involved in the following : Brand positioning, pricing policies, product rationalisation, new product identification, packaging, label design, product brief, and interaction with R & D, Sales and Advertising Departments.

Candidates should be in the age group of 30 to 35 years. Preferably an MBA from a reputed management institution, having atleast 5 years' working experience in consumer marketing, with a bias for personal care/hair care products. Salary will be on par with Industry's standards with attractive perks. Apply in confidence within 10 days superscribing the post applied for on the envelope to:

The General Manager
Beauty Cosmetics Pvt. Ltd.,
15, 8th Street,
Dr. Subbarayan Nagar,
Kodambakkam,
Madras - 600 024.

Counter Point/BC/058/91

Beauty Cosmetics

Saurashtra Cement and Chemical Industries Limited

PERSONNEL PROFESSIONALS

Are you an innovative professional with a concern for people? With an understanding of human needs and potential? With communication Skills that means talking and more important listening to people? If so **SAURASHTRA CEMENTS**, the near 100 crores leading **HATHI BRAND** Cements manufacturing company, is looking for you in its search for effective PERSONNEL PROFESSIONALS. Vacancies exists at different levels from **PERSONNEL EXECUTIVES TO GENERAL MANAGERS**.

You must have Post-Graduate qualifications in Personnel Management from a reputed institute with 5 to 15 years experience.

If you are selected, you will be responsible for functions like Human resources planning, Recruitment, Training & Development, Performance Appraisal and Career planning. Your work will cover overall handling of Personnel activities, with the accent being on Industrial Relations. It is essential that you speak Gujarati.

You will be working in one of the most professional environs in the cement industry, that will offer ample scope for individual growth, alongwith freedom to operate and contribute constructively.

The emoluments offered will be competitive, will depend on your experience and not be a constraint for the right person. If interested, send in comprehensive resume within 10 days quoting reference No. A-324 to:

PERSONNEL DEPARTMENT,
SAURASHTRA CEMENT &
CHEMICAL INDS. LTD.,
RANAVAV-360 560, Dist: Junagadh, Gujarat State.

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study • SWOT Analysis • Organisational Restructuring • MIS

SENIOR VP - DIVERSIFICATION

Chemical Engineer + Entrepreneurial Manager

Bombay **Rs 6 to 8 Lakhs**

We have been retained by a professionally managed, **highly dynamic & fast expanding CHEMICAL GROUP** to select a top-flight diversification expert for them. Group turnover is slated to reach Rs 1000 Crores by 1994. All existing product groups are supported by contemporary technology. Fresh investments of Rs 250 Crores in its present activities are planned in the next 2/3 years.

The incumbent will have overall responsibility for **identification of Speciality Chemicals/Petrochemicals/ Mineral—based products,** quick verification of potential, market demand studies, techno-economic feasibility reports, negotiations with foreign collaborators, industrial licensing, government clearances, coordination with International/All India financial institutions/banks, liaison with consultants/turnkey contractors, etc.

Ideal candidate would be a very Senior Manager in the age group 42-48 with a **strong grasp of chemical technology,** solid operational experience in chemical industry or consulting firm/industrial development agency and with successful record for new ventures/projects. Managerial ability to head sizeable operations after implementation of the project would be added advantage. This key position will suit only a **self-starter with good macroview of Indian Chemical scene** and willingness to commit himself to sustained hardwork to establish & operate successful greenfield projects.

Please establish contact with **B P Agrawal, Chairman** (Direct: 754947 Home: 751318/6854) with detailed biodata & telephone numbers. All correspondence must be made through courier/speed post and envelope & enclosures marked with job title & code SVPD/BPA/3071.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700019, Phone 753688

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study • SWOT Analysis • Organisational Restructuring • MIS

MANAGING DIRECTOR

Agrochemicals & Seeds

Bombay **Rs 6 to 8 Lakhs**

Our clients are a large business house, highly diversified with several manufacturing locations and a strong marketing base. Current sales turnover is Rs 250 Crores. The Agrochemicals & Seeds business is slated to grow from Rs 20 to Rs **100 Crore level in the next 3/4 years.** All products are supported by contemporary technology and large fresh investments.

The incumbent will have total techno-commercial responsibilties involving plant/project management, management of new investments, growth and profitability. We are looking for a top-flight, high horsepower manager with **excellent techno-commerical skills,** strong marketing orientation, technical/trade knowledge, demonstrated team management & leadership abilities. The ideal candidate will be in the age group of 42 — 48 with proven track record of handling profit centre responsiblities in the **Agrochemical/Fertilizer Industry.** A degree in Chemical Engineering/Agricultural Sciences would be a preferred qualification.

Please establish contact with **B P Agrawal, Chairman** (Direct:754947 Home: 751318/6854) with detailed biodata & telephone numbers. All correspondence must be made through courier/speed post and envelope & enclosures marked with job title & code MDAC/BPA/3070.

ABC CONSULTANTS PRIVATE LIMITED

43/3, Hazra Road, Calcutta 700019, Phone 753688

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

An NRI Company wishes to take over a Sick Medium Scale Bulk Drug Manufacturing Unit situated in coastal Tamil Nadu. The Unit has very good export potential. We wish to appoint a

MANAGING DIRECTOR

The Incumbent will be in total charge of the Company and be responsible for achieving desired levels of profit and growth. He will oversee the entire operations of the Company including manufacturing, materials, finance and marketing. He will be required to effectively deal with Senior Government Officials and interact with export buyers and financial institutions for business development. He will be required to set a team of efficient managers in various departments. Candidate should have a degree in Chemistry/Chemical Engineering, a Post graduate degree/diploma in Business Management and should be in the age group of 40-45 years with minimum of 5 years experience at Senior Management level with a good track record and proven leadership abilities.

An attractive package will be provided in addition to House and Car with driver.

Applications should be mailed within 15 days to :

Box No. AA/342/RS/1, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001.

For you... an all-win future at Allwyn

ALLWYN
Hyderabad Allwyn Limited

REQUIRES

EXECUTIVE DIRECTOR (FINANCE)

Hyderabad Allwyn Limited is a diversified Company manufacturing and marketing a wide range of consumer durables including Refrigerators, Watches, Steel Furniture and so on. The Company, an Andhra Pradesh Government Undertaking having collaborations with Seiko, Hitachi and Mitsubishi Electric of Japan, has been growing at an average rate of 25% and has a current turnover of over Rs. 200 crores. It has been paying uninterrupted dividends for the past ten years. The Company has major expansion and diversification plans and requires qualified and dynamic individuals to help fuel its growth.

The incumbent will report to the Managing Director and will head the entire Corporate Finance and Accounts functions.

He should be a Chartered Accountant with about 25 years' experience in reputed organisations of which at least 10 years should have been at the functional head level. Qualifications such as ICWA or ACS would be an added advantage. Exposure to project financing, foreign currency management, computerisation of financial accounts etc., is highly desirable.

Remuneration will be competitive and commensurate with qualification and experience.

Please apply in strict confidence with detailed bio-data stating last salary drawn, within 15 days, from the date of this advertisement, marking the envelope and enclosures with job title to : **General Manager (Personnel), Hyderabad Allwyn Limited, Sanathnagar, Hyderabad-500 018.**

Imageads-HAL/05-91

TEXTILE INDUSTRY

One of the oldest and well-established composite textile mills with turnover of Rs. 100 crores requires the following:

Managing Director
(Ref. No. AC/MD/119)

V. P. Purchase
(Ref. No. AC/VPP/120)

V. P. Sales
Ref. No. AC/VPS/121)

Export Manager
(Ref. No. AC/EM/122)

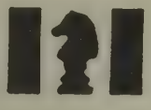
Finance Manager
(Ref. No. AC/FM/123)

Accounts Manager
(Ref. No. AC/AM/124)

For Ref. No. AC/MD/119 candidates should have at least 15 years experience with 5 years as M.D. For Ref. No. AC/VPP/120 and AC/VPS/121 candidates should have 15 years experience. For Ref. No. AC/EM/122, Ref. No. AC/FM/123, Ref. No. AC/AM/124 candidates should have 5 years experience. In all cases experience should preferably be in the textile industry.

Salary will be commensurate with experience.

Please apply with detailed biodata and contact telephone number within 15 days to:



ANAND CONSULTANTS
914, Maker Chamber V,
Nariman Point, Bombay 400 021.

TASHI GROUP OF COMPANIES, BHUTAN

We are a large and highly successful BUSINESS GROUP with a wide range of MANUFACTURING and TRADING Operations in BHUTAN.

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GROUP GENERAL MANAGER (INDUSTRIES) Rs. 12,000/- + Perks.

The incumbent will be in charge of the various Manufacturing Units under the Group and will be responsible for all facets of factory based operations including production, quality control, maintenance, development and technical services, etc. Stabilisation of Plant operations, man-management, materials management, establishment of systems and procedures and achievement of production targets would be key result areas.

Applicants should be Engineering Graduates with formal qualification in Management. They should have held overall operational responsibilities with over 15 years of relevant experience in Manufacturing Operations and Projects at a senior level.

Please apply with detailed Bio-data and photograph within 15 days to:

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Engineering Company poised to revolutionise **Fluid Handling Systems** in petrochemical, refinery, gas processing & other process industries. Being established in **technical collaboration** with **renowned U.S. multinational.**

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Good engineering background with sound marketing/general management orientation **to lead the team.** Relevant experience in business development and contracts negotiation for medium sized turnkey projects for process industries and interfacing with foreign collaborator and licensors. Suitable candidate shall be offered a suitably rewarding **incentive-oriented** compensation package.

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(30 years)

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Both positions offer excellent scope for advancement. The positions are based in Baroda, Gujarat.

Apply with in 15 days with detailed resume, references, salary drawn and expected to : Box No. AA 342 JB 2, **Business India,** Krishna Villa, 100 Park Street, Calcutta 700 017.

ABC's major specialisations include Corporate Consultancy

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The incumbent will directly report to the Group Chairman and will be responsible for all corporate finance functions like **raising of funds from International & All India Financial Institutions/Banks;** evaluating & appraising financial viability of all new projects & expansion/modernisation plans; carrying out periodic management audits; monitoring monthly performance of different group companies; reviewing business plans & projections for financial soundness.

The ideal candidate would be an astute Chartered Accountant or MBA-Finance with similar experience in a large & reputed business group with diversified interests & multi-divisional setup. Age Group 45-50. For this key position, total remuneration package will be attractive & negotiable. Please write to **B P Agrawal, Chairman** and mark the envelope & enclosures with job title & code TFA/BPA/3072. All correspondence must be made through courier mail/speed post.

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EXECUTIVE SELECTION & RECRUITMENT

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TECHNICAL EXECUTIVE/EXECUTIVE ASSISTANT

(MADRAS)

The **incumbent** in the age group of **25-28 years**, should be an **Engineer** in **Mechanical/ Electrical/Chemical Engineering** in addition to **MBA from Premier Institutes** such as **IIM Ahmedabad/Calcutta** etc., with hands on experience of **2-3 years** in related technical functions. The selected candidate will be responsible for Technical Assistance to **Management, Planning, Co-ordinating & Interacting** with **Departmental Heads** effectively. Should be smart, dynamic and go-getter. Ability to conceptually analyse and implement activities, communicating effectively and be a **self starter.**

Compensation for this position will be based on **individual background** and will not be a limiting factor for the **right candidate.**

Candidates matching the above requirements may send their detailed Resume attaching photograph within **10 days** to.

Personnel Selection Division

HUMAN RESOURCES CONSULTANCY GROUP

2, Velu Street, West Mambalam, Madras - 600 033. Phone: 426269/426151.

COMPENSATION SURVEYS ★ COMPUTER CONSULTANCY

REGIONAL MANAGER

CALCUTTA **GROSS OVER RS. 2 LACS**

We have been retained by a large multi-product, multi-unit company manufacturing consumer durables and engineering products, to locate for them a Senior Executive to head their marketing division for West Bengal. The company is a brand leader in its products and plans to diversify in other areas as well.

The Regional Manager would function as Chief Executive of the division, based at Calcutta, with total general management responsibility including achieving sales and profit targets, developing and implementing market strategies and leading a team of professionals. He will operate as an independent profit centre head.

Ideal candidates would be marketing professionals having about 7 years experience in a reputed organisation, preferably marketing consumer durables. The position essentially calls for a successful track record and ability to meet tough targets.

Gross emoluments would be over Rs. 2 lacs per annum and will not be a limiting factor for the right candidate.

Please send complete bio-data quoting reference number **MCS/D/226** within 10 days to the following address :

Price Waterhouse

B-102 Himalaya House,
23, Kasturba Gandhi Marg,. New Delhi-110001.

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COOL CUCUMBERS
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HOT SEATS



BRANCH MANAGER

AT

BOMBAY, BANGALORE, CALCUTTA & HYDERABAD

The Company

A Leader in the field of Analytical Instrumentation and with a national network and multi-crore business is poised for further expansion and hence requires dynamic leaders at its head office and branches.

The Persons

Post Graduates in Science or Engineering with good track record of about 12 years in related fields with 2-3 years in a managerial capacity. Excellent communication skills, motivational and leadership qualities, innovation and ability to produce results essential. MBA/Management Diploma added asset.

Age: 35 years.

The Rewards

Salary and perks will not be a constraint for the right person. Excellent growth opportunities assured.

Please apply in confidence within 10 days with photograph and complete resume giving special emphasis to verifiable achievements and other strengths to:

Box No. AA/342/LN/1,
Business India, Wadia Building,
17/19 Dalal Street, Fort, Bombay-400 001.

MARKETING MANAGER

(Analytical Instruments Dvn.)

Bombay

Rs. 1 lac + Car + Perks

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The Company has ambitious plans in the field of analytical instruments. To assume All India responsibility we are on the look out for a dynamic high calibre Marketing Professional who can spearhead the entire range of our marketing functions. Responsibilities encompass formulation and implementation of aggressive marketing strategies and systems to stem out a professional marketing culture among the whole marketing team and impart customer orientation to the whole organisation.

The successful candidate would be a Science graduate with MBA from a premier institute with 7-10 years of experience in a similar field. Out of this, he should have worked for atleast 3 years in a senior level.

The Company promises considerable challenge and opportunities accompanied by professional work environment to the destiny makers.

Apply in confidence with curriculum-vitae and a passport size photograph within 10 days to: Box No. AA/342/LN/4
Business India, Wadia Building, 17/19 Dalal Street, Bombay 400 001

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Delhi based

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OUR CLIENTS INCLUDE SOME OF THE BEST INDIAN AND FOREIGN BLUECHIPS AND WE CONSIDER OURSELVES AS LEADERS IN THIS FIELD.

THIS JOB IS INTELLECTUALLY DEMANDING AND REQUIRES WELL-ROUNDED SKILLS AND A MATURE PERSONALITY. IT WILL INCLUDE DEALING WITH CEO'S OF LARGE GROUPS, NEGOTIATING WITH OVERSEAS COMPANIES, PREPARING BUSINESS-PLANS AND FORMULATING ENTRY STRATEGY FOR FOREIGN COMPANIES.

WE KNOW SUCH COMBINATION OF SKILLS IS RARE BUT IF YOU HAVE THE APTITUDE, YOU WILL LEARN ON THE JOB.

OUR EXPERIENCE SHOWS THAT ENGINEERS/MBA'S WITH MINIMUM 5 YEARS LINE EXPERIENCE ARE BEST SUITED BUT OTHER BACKGROUND MAY BE JUST AS GOOD.

IF YOU THINK YOU FIT THE BILL, WE WOULD LIKE TO TALK TO YOU. PLEASE WRITE US.

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TECNOVA INDIA PVT.LTD.
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NEW DELHI 110 016
FAX NO. 011-6863576

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Should be technically qualified in Leather Technology and Shoe Manufacture, with at least 5 to 7 years of shop floor experience inclusive of one or two years in similar capacity with excellent man management skills and Industrial Engineering concepts.

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Should be qualified leather Technologist with experience in purchase and production of leather, with excellent techno-commercial skills. Knowledge of either Kanpur or Madras Leather Markets is essential.

Both positions report to the General Manager and would be based in Delhi/Noida.

We offer a competitive compensation package with excellent career prospects.

Please apply within 15 days to:—

The General Manager
Taj Rhein Shoes
C/o. Project Office
Taj Palace—Intercontinental Hotel
2, Sardar Patel Marg
Diplomatic Enclave
New Delhi-110 021.

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A professionally managed Public Limited Company with turnover of Rs. 50 Crores requires for its corporate office at ALLAHABAD.

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The incumbent will be responsible for Organisation, Planning, Career Planning, Recruitment, Induction, Training and Development, Compensation Administration, Implementing Performance and Potential Appraisal Systems and other related activities for about 500 Managers, Officers & Supervisors.

Applicants should be Post-Graduates with specialization in Personnel/HRD or Industrial Psychology with about 5 years relevant experience in Industry.

Please send in your detailed resume within 10 days to

Box No. AA/342/SG/3, **Business India**, 59, Regal Building, Connaught Circus, New Delhi 110 001.

Crompton Greaves

Crompton Greaves

Crompton Greaves is a multi-product, multi-division organisation engaged in the business of electrical energy, electronics and communication with manufacturing and marketing facilities all over the country.

The Industrial Electronics Division of the Company, with its Modern Factory at Nashik, is involved in the manufacturing and marketing of products such as AC Variable Speed Drives, Data Acquisition Systems Micro Programmable Controllers, Solid State Energy Saving Starters etc.

The Above Division Requires : **SENIOR EXECUTIVE** for Design/Development of AC Variable Speed Drives.

Qualification & Experience : The candidate should hold a M.Tech/B.Tech. Degree in Power Electronics and have 5/10 years experience in the field of Design/ Application of AC Variable Speed Drives.

Knowledge of Microprocessor based Control Systems will be an added advangate.

This is a Middle-management position and carries considerable amount of responsibility with it.

The Company offers an attractive salary and perquisites in addition to other benefits.

Candidates fulfilling the above requirements may please apply with complete Bio-data superscribing the envelope with the code "TcEm-SE" to:

The Manager
Industrial Electronics Division
Crompton Greaves Limited
71-72, MIDC Industrial Area
Satpur, Nashik 422 007.

PRESSMAN

WE'VE GROWN 996% IN THE LAST FOUR YEARS.

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Most companies would be thrilled with a 996% growth rate. We aren't.

NOT ENOUGH What's good for others isn't good enough for us. Since our inception in 1986, we haven't simply doubled, or trebled. We've grown a full ten times. With turnover at 996% and net profits at 531%

Today, our Information Technology (IT) and Financial Service divisions are 600 people strong, spread over 26 cities in India.

With a pace like this, who can stop? That's why we need someone like you.

We're looking for a catalyst. Someone who can convert big into bigger. You'll be heading our IT division. It's 450 people strong, bristling with talent and comprises Computer Education, Corporate Training, Software Consultancy and Marketing of CBTs and Software related products.

THE CRITERIA You should be between 35 to 45 years of age. But you don't necessarily need to have any prior experience of the IT industry (although it'll help). What we'd rather you have is strategic vision. Strong marketing savvy and the rare ability to move the company on a forward thrust-cohesively, decisively. Obviously, we're speaking of some very special talents here.

THE REWARDS What do we give you in return?

For one, total freedom of operations. No red tape, no interference. Your style becomes the company's style.

Second, we're offering tremendous scope. The IT industry is the fastest growing in the country. You could be the new corporate messiah.

And thirdly, you get the most comprehensive pay packet going. Including housing, if necessary.

Write within 7 days, superscribing the envelope with "IT/CE/11/91". Better, call 2041413/234530.

ATUL NISHAR, Managing Director, Apple Industries Limited, B-4 Amarchand Mansion, Madame Cama Road, Colaba, Bombay 400 039.

CHIEF EXECUTIVE

BASED IN BOMBAY

a Apple

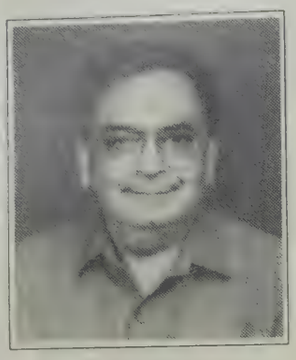
INFORMATION TECHNOLOGY DIVISION

TRITON/91/AI/30

EXECUTIVE LADDER



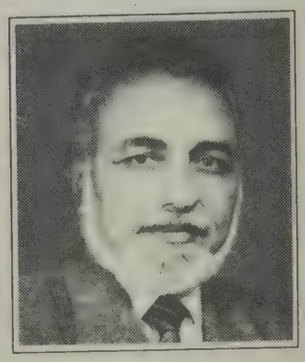
N.N. Jambusaria has taken over as managing director of the Life Insurance Corporation of India.



J. Sahni has taken over as managing director of NSL.



S.N. Venkataraman has been promoted as executive director, commercial, of the Steel Authority of India Ltd.



N.M. Biddappa has joined Hindustan Copper Ltd as director, operations.

Dhiren L. Patel has joined Amtech Electronics as managing director.

D. C. Bhaumik has been appointed additional director-general, news, of Doordarshan.

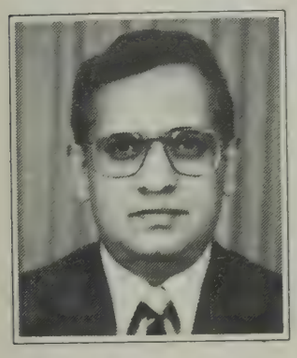
R.T. Kumar has been promoted as executive director, Bangalore unit, of Bharat Electronics Ltd.

N. Gupta has been promoted as vice-president, sales and marketing, of Videocon Ltd.

S.N. Jha has been appointed general manager, maintenance and inspection, of the refineries and pipelines division of Indian Oil Corporation Ltd.

K.C. Joseph has taken over as additional general manager, human resources.

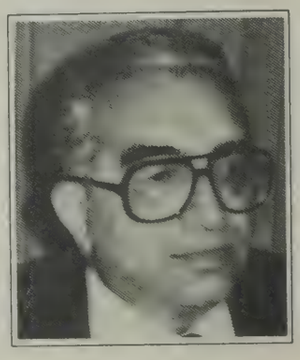
Jayant Ambast has been promoted as deputy general manager, Searle India Ltd.



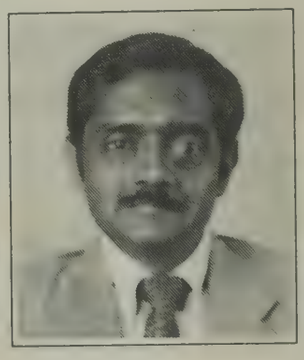
Sharad Kulkarni has been nominated as a director of Meltron Ltd.



A.R. Banerjee has taken over as director of the Gujarat State Fertilizers Company Ltd.



C.Y. Pal has been elected president of the Bombay Chamber of Commerce and Industry.



Bapty Seshasayee has been elected southern regional chairman of the Engineering Export Promotion Council.

ASSOCIATIONS

N.B. Patel has been elected chairman of the Chemicals & Allied Products Export Promotion Council. **A.C. Padamsee** and **S.S. Dhupia** have been elected vice-chairmen.

Nilima Kilachand and **Kiran Bajaj** have taken over as president and vice-president, respectively, of the Indian Merchants' Chamber's ladies' wing.

Shekhar Datta has been re-elected vice-president of the Bombay Chamber of Commerce and Industry.

R.R. Nair has been re-elected president of the National HRD Network's Bangalore chapter.

Pralhadrao Patil has been re-elected chairman of the Maharashtra State Co-operative Bank Ltd.

Happy home-coming



Pradeep Bhargava, *41, is managing director of Kalyani Sharp Ltd*

t is like a home-coming for Pradeep Bhargava. After a brief stint in Videon VCR Ltd as president, last November Bhargava rejoined the Pune-based Kalyani Sharp Ltd (KSL) which he had eft about one-and-a-half years ago.

Bhargava has reason to be happy about is return to his old firm. After all, KSL, nakers of the Optonica brand of TVs, was onceived and created by him in 1985, nd he was the chief executive of the comany till he left in May 1989.

Son of a government employee in Rajasthan, Bhargava had an outstanding cademic career. A BE in electronics and ommunications from the Indian Institute of Science, Bangalore, and an MBA rom IIM, Ahmedabad, he stood first in all is examinations. He also excelled in ports. He was the Rajasthan state champion in table tennis in 1965 and represented the state in the national hampionships for two years.

Useful spell. Bhargava started his career n 1971 at the age of 22 when he joined he Atomic Energy Commission. Subsequently, he did a spell in the Department f Electronics (DoE) and Bharat Heavy lectricals Ltd (BHEL) till 1982, before hanging over to the private sector. Says e, "My eleven years of working in the ublic sector proved to be very useful ubsequently." For example, Bhargava isited and monitored about 200 elecronics units in the country while he was n DoE, and this experience helped him in etting up Kalyani Sharp later.

A major breakthrough in his career ame when he quit the public sector and joined the Pune-based Kalyanis (Bharat Forge, Kalyani Steel, etc) in 1982. "I changed to the private sector because in a government job you can't make a career unless you have a cadre label," says Bhargava. At Kalyanis, he took charge of the corporate planning department and worked on various diversification plans. Promoting KSL was the direct result.

Once KSL was promoted, Bhargava took full charge of the company and in four years made Optonica a well known name in the industry. He was also actively involved in getting the prized licence for the manufacture of VCRs for KSL, one of the three companies in the country (the others are Videocon and BPL) having this licence.

Now Bhargava has some other major tasks in hand. Although KSL has been around for five years, it is still small in comparison with the leaders in the industry. It sells only around 4,500 CTVs a month. "My aim is to make it a major player in the industry," says Bhargava.

Poor marketing. With technical collaboration from Sharp Corporation of Japan, KSL's TV plant is one of the most modern in the country. But the company lacks aggressiveness in marketing. Bhargava is aware of this deficiency and is therefore concentrating on it. The next most important job before him is to launch the VCRs. The new Rs.50-crore VCR plant near Pune is almost ready and he hopes that the sets will be available in the market in about two months.

Bhargava's plans, however, do not end with VCRs. To make KSL a complete consumer electronic company, there are plans to introduce the entire range of audio systems. "Sharp audio systems are one of the best in the world. This is our advantage," says he. To translate the advantage into achievement, Bhargava will certainly have to move fast as the market is getting more crowded day by day.

■ DILIP MAITRA

FRONTRUNNERS



At 37, **Debashish Dasgupta** is the managing director of Ipitron Times Ltd, a wholly-owned subsidiary of the Electric Corporation of Orissa.

An economics graduate, Dasgupta worked as an officer at Life Insurance Corporation of India and later the Indian Revenue Service which he quit to join Unitel as a full-time director. From April 1988 to August 1990, he was the financial director of two companies, Elconmet and Magnetix India Ltd, both belonging to the Orissa State Electronics Development Corporation. He turned them around and is now doing the same with Ipitron Times.

Says Dasgupta, "The name of the game is combining long-term strategies with short-term tactics and putting the sick companies back on the rails."

— N.R.



"We are known as conscience-keepers of the bank," says **Ajay Kohli**, 30, audit manager of American Express Bank Ltd, New Delhi, who was recently awarded Amex Bank's global auditor award for the year 1990. He is the first Asian to have received the award.

After graduating from Sri Ram College of Commerce, Delhi, in July 1980, Kohli went on to do his chartered accountancy. From the very beginning his interest lay in banking organisations. He began his career at Banque Nationale de Paris, where he did financial and credit appraisals of corporate clients. His next job, as assistant vice-president of Capital Trust Ltd, gave him the opportunity to handle development of correspondent banking in India for foreign banks.

At American Express Bank, he has greater responsibilities. Says Kohli, "My ambition is to become the country audit manager, the bank's auditor for the whole of South Asia."

— R.P.R.

WARANA

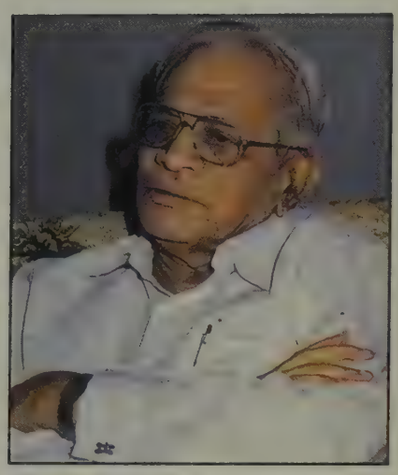
Striving and thriving together

Thirty years ago, the Warana valley, about 32 km north of Kolhapur, in Maharashtra was an area infested by dacoits. Today it is an area of prosperity — a prosperity generated by a highly successful co-operative movement. Sixteen well-managed co-operatives contribute to a combined turnover of Rs.200 crore per annum. Primary among these are the sugar co-operative and the milk co-operative, which account for about Rs.120 crore of the turnover. New co-operatives have come up for poultry products, cattle feed, poultry feed and for food processing too.

All this has happened in large measure due to the pioneering efforts of Tatyasaheb Kore, now 76, a local farmer and social worker, who started a sugar co-operative in 1960. He collected the share capital with great difficulty by convincing hundreds of the poorest of farmers to shell out Rs.250 for each share. Tatyasaheb's missionary zeal has been translated into prosperity for all at Warana.

The landless labourers, who were well below the poverty line before 1960, are now earning an average of Rs.20,000 per annum. "We would like to see this figure raised to Rs.40,000 in the next five years," says Tatyasaheb, who was awarded this year's FIE Foundation Award for his outstanding contribution to the co-operative movement.

Warana now has an education trust, which runs schools and colleges, including an engineering college, and a college with arts, science and commerce faculties. It also boasts a modern supermarket where 5,000 farmers buy their requirements everyday. The supermarket, also a co-operative, has a turnover of Rs.13 crore, and is mainly intended to cater to every need of the local populace at the lowest price.



Tatyasaheb Kore: pioneer

Water weirs built

Water scarcity used to be one of the main hindrances to the agricultural development of this region. The Warana river is the main source of water, but it flows for less than half the year after the monsoons. The three storage weirs constructed by the state government provided water only up to the end of February. The sugar co-operative constructed three additional weirs and increased the capacity of the existing ones. It has also financed lift irrigation schemes costing Rs.4 to Rs.5 crore. The result: a dramatic increase in the average yield of sugarcane from 18 to 32 tonnes per acre.

Soon the sugar co-operative was doing well but Tatyasaheb wasn't satisfied. He wanted to see prosperity reach the lowest strata of the population. The sugar co-operative had a direct impact mainly on the upper class farmers, who constituted only about 15 to 20 per cent of the population. So, in 1968, Tatyasaheb founded a milk co-operative, with the idea of benefiting the middle class and poor farmers. The steadily increasing acreage of sugarcane fields yielded a lot of natural fodder for cattle — making it possible for even landless labourers to keep a few head of cattle.

The Warana Sahakari Dudh Sangh was aimed at benefiting these farmers, and sure enough, it brought amazing results. The milk producers' co-operative, which started with a collection of just 3,000 litres a day, and a turnover of Rs.10 lakh, is now the third largest dairy in Maharashtra, with a turnover of Rs.50 crore. A massive 120,000 litres of milk is collected everyday and an additional 80,000 litres is brought in from neighbouring areas. Warana's co-operative movement covers 66 villages and a total area of 25,000 hectares.

The milk co-operative has transformed the lives of 55,000 families. Everyday, collection begins at 6 am and goes on well into the night. Twenty-five trucks ply a total of 1,500 km every day, collecting the milk cans. The Warana milk co-operative boasts the

Pics by Prakash Jadhav



Cows being fed: even the landless own cattle

highest yield in the country, collecting as much as 46 litres/km. C.N. Gulave, managing director of the milk co-operative, says this is primarily due to the high rate paid by them to purchase milk.

Highest price for milk

"In 1989-90, we paid an average of Rs.5.85 per litre for buffalo milk. This is at least a rupee more than what the state government pays to milk producers in Maharashtra and perhaps the highest in the country too," remarks Gulave. Besides, the co-operative also supplies dry and green fodder and protein-rich cattlefeed at subsidised rates. Free veterinary care for the animals is available on four mobile clinics which carry out regular vaccination programmes. "We also get a better variety of cattle from other parts of the country for cross-breeding. Artificial insemination is provided free of cost," says Gulave. All this adds up to an annual subsidies bill of Rs.25 lakh.



The farmers' supermarket: everything at the lowest price possible

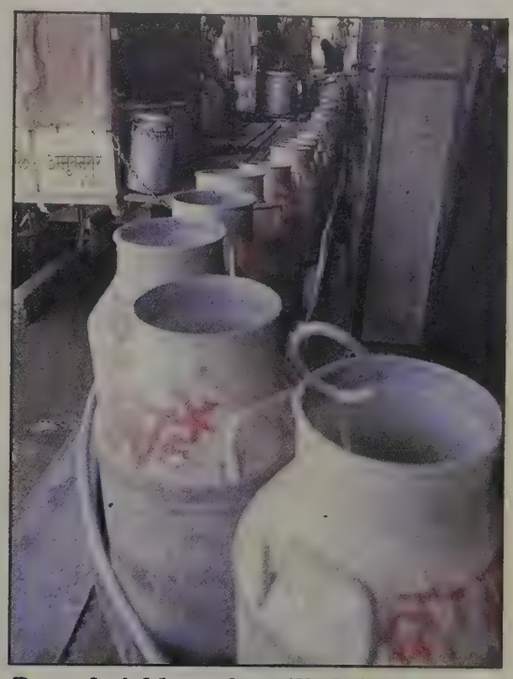
The co-operative also manufactures milk products like ghee, spray-dried milk powder, *shrikhand* and lassi. These, especially the ghee and the milk powder, are marketed in five states, from Rajasthan in the north to Andhra Pradesh in the south. Warana *shrikhand* has become a hot favourite in Bombay city, pushing Amul *shrikhand* to second place. A Rs.3 crore manufacturing facility to make 5,000 tonnes of malted milk food is now being set up.

"However, all this success was not without hiccups", says Gulave. By 1980 the co-operative had run up huge losses — Rs.45 lakh against its Rs.12 lakh equity base — and was on the verge of closure. This was because, till then, the co-operative used to sell its milk only to the government. The rate paid by the government was calculated on the basis of the cost incurred by other world bank-funded milk co-operatives and did not cover Warana's production costs.

"It was then that we decided to market our milk directly to the consumer," says Gulave. The decision was a bold one, as they had neither a distribution network, nor any transportation facilities in place. However, the risk paid off and the losses were wiped off within three years. Now Warana has 450 distributors selling 1,10,000 litres in Bombay alone. Add to this another 12,000 litres in other cities everyday. There are 100 distributors for the milk products. The co-operative now has 40 tankers to distribute its milk. Other acquisitions include a large cold storage unit and a packaging and processing facility, both in Bombay. Turnover is a healthy Rs.50 crore per annum and the last five years have generated a cash surplus of Rs.11.5 crore.

New pastures

Tatyasaheb Kore and his brother, Nanasaheb have also been thinking of women's welfare. Warana has two women's co-operatives. One is a franchisee of Lijjat papad, and makes Lijjat products worth Rs.27 lakh a year. The other, with 800 workers, has a turnover of Rs.50 lakh and makes plastic products, mainly containers for *shrikhand*. It also has seven injection-moulding machines and supplies plastic spoons and caps to companies like Glaxo and Cadbury. The prosperity of the Warana valley can best be gauged from the fact that the Warana Cooperative Bank has fixed deposits worth Rs.20 crore.



Record yields at the milk dairy

Among the many farmers who have prospered is Mahadeo Patil, an unlettered man. When the sugar co-operative was being started, he had four acres and no money. He sold one acre to buy a single share for Rs.250. Today, he has 20 acres, two bungalows, a tractor, jeep and motorcycle. He produces Rs.10 lakh worth of agro products and exports 50,000 kg of grapes every year to the Gulf.

Warana is not just an example of a model co-operative movement but of integrated rural development. Its planners have paid equal attention to education and the fine arts — Warana is also becoming famous for its orchestra. This is a 30-piece orchestra with a difference — it consists of only children, aged six to 15 years, who play a variety of Indian instruments. The orchestra performed in Yugoslavia in 1978 and won several international awards. It later went to Russia and Mauritius, and will tour South Africa in May.

All this is so much wonderful music to the old time residents of Warana valley, who now no longer live in fear of decoits. ■

ROOP KARNANI

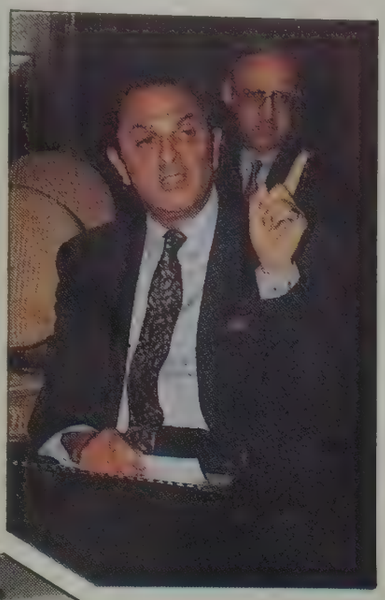


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Okay now, rack your brains. When was the last time you saw **Dhirubhai Ambani** at a public function? At the Reliance AGM? Or was it at Anil Ambani's wedding? Anywhere else? No? Then why did he suddenly turn up at the Leela Kempinski recently for the launch of the Leela Centralcard at a glittering ceremony? C.P. Krishnan Nair, chairman of the Leela group of hotels, scotched the speculative rumours circulating amongst the 50-odd guests, with a simple explanation. Ambani and Nair go back a long way, to the days



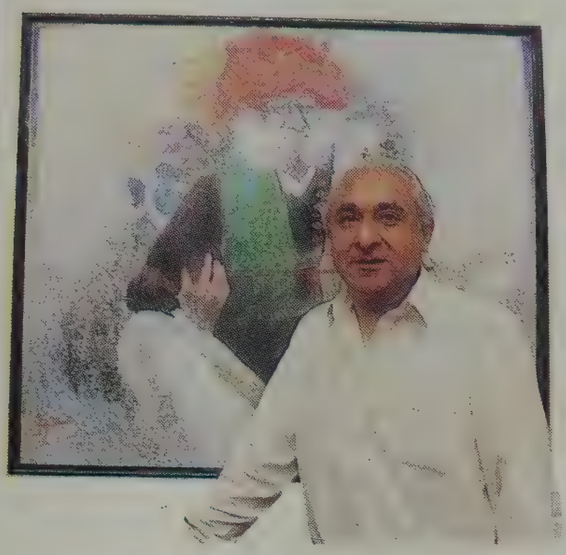


when the industrialist was a yarn trader and the hotelier ran the lace and garment company, Leela Lace. The unexpected chief guest was drawn by the threads of an old friendship, explained Nair.

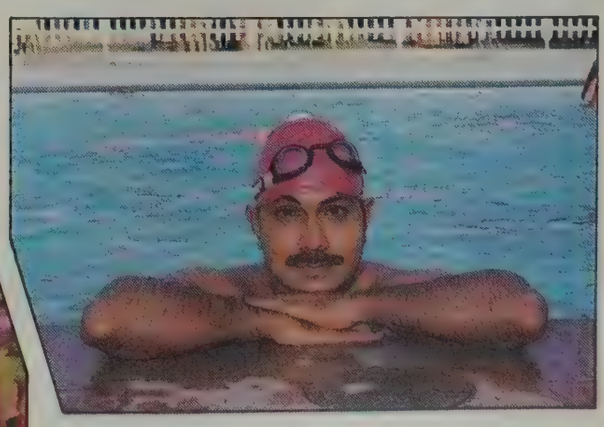
Another recent surprise public appearance was **Nusli Wadia**'s. At a press conference called immediately after paraxylene — which constitutes 60 per cent of Bombay Dyeing's raw material costs — was shifted to the OGL list, he asked, "Thirty seven raw materials have been shifted to OGL in the last six weeks, so why this hullabaloo only over paraxylene?" The normally reclusive Wadia brushed away political motives, went to great lengths to explain how his company was being starved of the essential input and revealed that Bombay Dyeing would earn Rs.94 crore in foreign exchange this year. He sounded like a man oppressed but at no point did he lose his cool. Wadia maintained a charming profile even when a trioka of persistent journalists from a particular publishing group tried to corner him. When the last of the grilling questions had been tackled, he quipped, "Now have I earned my tea?"

The first thing that strikes a person about **Rummana Hussain**'s paintings is the perfect harmony of reality with fantasy. Her use of mythological references as metaphors to present the social situation is unique. Says Hussain, "My objective is to focus on the dramatic force of events. Using these images as metaphors, I attempt to address complex realities." Married to Ishat Hussain, Tisco's executive director, finance, she displayed her paintings at the Jehangir Art Gallery in Bombay. Comfortable with both oil and water colours, Hussain has held several one-person shows and participated in group exhibitions.





Tanil Kilachand, managing director of Polychem Ltd, is as flexible as the industry that initiated him into business — a synthetic rubber project started by his uncle. His interests range from mountaineering to music. Of the two, however, it's music that makes him nostalgic. "There was a time when I used to play the *tabla*," he says. Today, after shouldering the responsibilities of running a Rs.112-crore business, Kilachand finds no time to play any instrument. So the music enthusiast turned patron floated a music society called Sajan Milap which organises annual music *sammelans*. The three best performers receive a scholarship of Rs.400 a month to pursue careers in music. Smaller functions are organised every month and the 200 members of the society hold a conference every year.



At 5.30 on a chilly morning last month, when the world around him was fast asleep, **Mukund Jaisingh** began swimming at the Cricket Club of India pool in south Bombay. Four-and-a-half hours later, cheered on by 250 fellow club members, the marketing executive of the Bombay-based manufacturer of non-ferrous tubes and coils, Hindustan Steel & Metal Works, had achieved his target: 500 lengths of the pool. The members had backed the unique event by sponsoring it at a minimum rate of Rs.100 per length. The money thus raised is to be divided among five charitable organisations including Missionaries of Charity and Mobile Creche. At the time of going to press, the collections have totalled Rs.85,000 and if the same enthusiastic response continues, they should cross Rs.1 lakh by 27 April, the last date for donations.

YACHTING

The call of the waves

While tourists throng the crowded commercial ferries, an occasional dinghy moves off a quiet, private slipway next to the familiar bulk of Bombay's Gateway of India. The selected passengers head out to a fleet of gracefully swaying yachts, for a sail around the harbour.

"It's one step off the Gateway but a million miles from the city," says Sevi Singh, an enthusiastic sailor. Singh runs his family company, Pioneer Enamelling Works, during the week, but every weekend during the sailing season (September to May) finds him on the water.

A qualified helmsman and the commodore of the Colaba Sailing Club (CSC), Singh has been sailing regularly for the last eight years. "Even if I have to cut a few corners, I make sure that I get time to sail," he says.

Singh is typical of the fraternity of ardent sailors. To them, sailing is not a pastime, but a passion. Admits Kishore Mariwala, of Bombay Oil Industries, "At one time, if anyone called for me on a Saturday afternoon, the operator would tell them to check the harbour." Mariwala, who sails his own yacht, is an oldtimer — he's been sailing since 1965, and has even gone as far as Okha, at the tip of the Gujarat coast. Though he now goes in for fewer races and competitions, his is still a familiar face at sea.

Competitive events

Another well-known figure in the harbour is J.N. Godrej of Godrej and Boyce. Though he has had to curtail his time on sailboats since the death of his father, N.P. Godrej, who was himself an accomplished sailor, he still managed to win the handicap section of the recently concluded Seabird nationals on one of the family's two yachts. Of the 8-10 races organised every year, most are informal events. The recent World Enterprise Championships and the National Seabird Championships are two of the more important competition events. "The thrill of competition sailing is challenging, but it is difficult to organise on a regular basis because we do not have enough participants," he says. Vice-president of the Yachting Association of India, the apex yachting body in the country, Godrej has been sailing with his father from an early age. "My father always wanted to go to the Seychelles, but it meant taking two months off, and we never had the time," he reminisces. His uncle, Kersi Nowroji, who is still an active sailor at 72, is one of the first Indian members of the Royal Bombay Yacht Club (RBYC), the city's biggest and oldest sailing club.

While dedicated sailors lament that more than half the members of the Yacht Club rarely venture out of its gracious rooms opposite the Gateway, all sailors perforce foregather there. RBYC controls the mooring of the yachts in the harbour, but everyone desirous of sailing need not be a member. The other sailing clubs in the city have a loose and informal relationship with RBYC. The club also owns around four Seabirds, a class of yachts designed in 1910 especially for the Bombay harbour. "The Seabirds have a classic design, and are one of the most stable boats around," says Mariwala. The other clubs have their own boats too.

Most popular craft

Though many private yachts are imported, the Seabird continues to be the most popular with Indian sailors. The Colaba Workshop in Bombay manufactures these boats, and only the sails have to be imported. Another popular design is the Lightning class, a two-man yacht which is faster than the Seabird. "I used to own a Lightning earlier, but I sold it when I started taking my family out as the Seabird is more comfortable and stable," says Singh, who came second in the Nationals on an RBYC Seabird.

Of the other two clubs in the city, CSC functions out of RBYC, while the Bombay Sailing Association also has a charming clubhouse across the harbour in Mandwa. CSC, which owned only a few Lightnings and two Seabirds, has been pooling its boats with RBYC for the past two years. A little known fact is that the sailing clubs are amongst the few established clubs in Bombay that take members at reasonable intervals.

While the sailing circuit is still dominated by old faithfuls, younger executives are taking to the sea. "The profile of the crowd is changing. It is no longer a preserve of the rich and the expatriates, and youngsters from the middle class are getting in," says Mariwala.

Companies are also beginning to take an interest in the sport. ANZ Grindlay's owns a Seabird which is used by its officers. However, it is yet to become popular. Shakti Saran, manager, Investcare, ANZ Grindlays, who has been sailing for ten years, estimates that only about 15 executives use the boat regularly. "Unfortunately, sailing is still looked upon as an esoteric sport in this country, and while many are game for joyrides, few are willing to put in the time and ef-

Pics by Deepak Tolani



Singh: "... a million miles from the city"

ort required to learn to sail," he says.

Not surprisingly, the sailing circuit is disdainful about those who own yachts but do not use them. "To some, it is just like an extra car, a status symbol," says one. Then too, sailors like Mariwala and Godrej swear by their sailboats. While others prefer motorboats, sailors in fact are somewhat disdainful of the *motor boat wallas*. Sadruddin Daya of Dawood Shoes is one of the rare people who use both regularly — he owns a 32-foot yacht and a 250 hp cruiser, the fastest in the country. "A motorboat is like a peppy young girl, while a sailboat is like a graceful, sedate lady — one is exhilarating, and the other is soothing," he says.



Mariwala: he swears by his boat

Daya, who feels that sailing gives him a sense of peace and a closeness to nature, is one of those for whom sailing is a leisure activity. "I tried to learn sailing, but I prefer to just relax on the boat instead — the competition scene is not for me," he says. He now plans to pick up an Arab dhow scheduled to come up for auction, and renovate it as a pleasure boat, complete with a dance floor. "Somehow I cannot settle for the fibreglass contraptions — they cannot compare with the beauty of traditional craft," he says.

In the harbour, however, increasingly fancy imported fibreglass motorboats saucily turn their sleek bows up at the sea-scarred yachts, some of which are over 50 years old. One of the most distinctive doyens of the harbour is *C'est la Vie*, the ocean cruiser belonging to Kapal Mehra of Orkay, which he and his family use for cruises to Kihim. Vijay Mallya, typically, has not one but two powerful ocean cruisers. "Besides pleasure cruises, motorboats are also very useful for getting to places on the coast," says Singh.

Though imported motorboats can cost a hefty bit (Orkay's cruiser is listed in the company's gross block as worth over Rs.38 lakh), sailing as a hobby is surprisingly cheaper than its aura implies. A brand-new Seabird can cost up to Rs.1.5 lakh, and maintenance costs range from Rs. 2,000 to Rs.5,000 a month.

Second-hand boats, however, are much cheaper, costing from Rs.40,000 to Rs.80,000. A lucky buyer may even chance on a second-hand Lightning for as little as Rs.10,000. Daya estimates that the dhow he hopes to acquire soon will cost him around Rs.5 lakh. But even this investment is not necessary for those who wish to sail. At the bottom end, CSC charges only Rs. 500 for membership, and Rs. 200 a year. An afternoon's sailing costs a mere Rs. 15. "It is cheaper than going for a movie," claims Godrej. RBYC, too, gives a special sailing membership to those who are keen for Rs.3,000. For students, there is a further concession at the clubs. "If anybody, especially a youngster, is really interested, the clubs make sure that he gets a chance. It is a pity to see boats lying idle on holidays," says Mariwala.

Resources pooled

In an effort to encourage the sport, CSC and RBYC have pooled resources and relaxed membership rules. "People complain that there is no open space in Bombay, but very few take advantage of the city's best resource — the sea," says Singh, who plans to approach colleges to attract youngsters. The Sea Cadet Corps, an NCC-like organisation, has been encouraging the sport among children as well. Of those who take up sailing, quite a few give up after a time. Felix Wiesinger, who runs a printing business and owns a Laser, a small two-man yacht, mourns about the lack of time. "I've hardly had the time to go sailing this year. I shoul call myself an ex-sailor." And Godrej says "The major constraints are time, enviror mental factors — winds are favourabl only in the afternoons — and also the cos of buying and maintaining good equip ment and boats."

But every member of the sailing frater nity claims that sailing as a popular spor is yet to take off because most Indians ar scared of the sea. "It is no more dan gerous than riding a motorcycle, but it i seen as a dangerous sport," says one "Another problem is that not man youngsters learn to swim in Bombay, s naturally they are scared of yachting. I the past decade, few good sailors hav emerged," says Godrej.

As the sailing season draws to a close there is a spate of what are facetiously called "Party Races". These overnigh races to Mandwa, Manori or Khanderi ar very popular, and almost always over booked. "Usually it means sailing th whole day, and camping and partying th whole night. The competition is only fo fun," says a sailing enthusiast.

During the monsoon months, when n sailing is allowed, the clubs still buzz wit activity. Sailors gather to drink, gossip swap tales and bemoan the end of the sea son. Come September, however, and the are all out on the bosom of the sea again

■ SUDESHNA SE

Bombay has a big role to play



Hemendra M. Kothari, *44, is one of the youngest presidents of the Bombay Stock Exchange (BSE). A multi-faceted personality, he played an important role in launching the India Fund and India Growth Fund. Kothari's tenure as president should see the BSE taking new directions. He talks to Rafiq Dossani*

What change would you like to see most in the structure of the Bombay Stock Exchange?
The BSE has always encouraged the concept of corporate membership. This ought to be crystallised now. Earlier, at least two member-brokers need to combine to form a limited company. I would like to allow incorporation even for single member firms. The other shareholders would have the status of approved members. The advantage is that there will be continuity of the firm's status and more transparent functioning. Bankers will be able to see the firm's balance-sheet and assess its credit needs. It would improve the liquidity of members and their capacity to take on more business.

Why not take new members in order to increase the capacity of the exchange to handle more business?
What is needed is better service and not necessarily more members. Also, each broker should make more income in order to make the investments necessary to be able to service larger volumes of business. This is where incorporation and allowing more floor representatives per broker can help.

In a democratic institution which claims to be the capital market for the nation, should only those be members whose grandfathers or fathers were members?
Well, someone can always buy a card from a selling member. Second, new stock exchanges are opening all over the country and memberships are available there. But more important is the need to understand the business. With due respect to the new members, some of them have failed because trading is not the same as other business. One needs to understand the issues of risk and exposure. Besides, if I look back to when I joined in 1969 and now, 80 per cent of the firms have a new educated generation of members' sons that have come in. Plus now, we have a training institute. So, it is not as if we are not getting increasingly professionalised.

Small investors complain of a lack of service. How is this to be remedied?
Computerisation will change all this. Until then, the smaller investors could invest in mutual funds. In any case, with inflation, it becomes less worthwhile for a broker to service trades below Rs.1,000 in value. Given the situation, I think brokers are doing a good job for their clients.

But can brokers regulate themselves? Even the chairman of SEBI has raised this issue.
The chairman of SEBI has been supportive of our efforts at self-regulation. Ultimately, unless we look after the investors, we cannot make more money. You will admit that the BSE has done quite well in this regard. Remember that market capitalisation fell by almost Rs.40,000 crore between 9 October 1990 and 25 January 1991. Yet the default was of the order of only Rs.1.5 crore.

What are your plans for computerisation?
We started with grand plans but have slowed down recently because of the settlement problems. This is now our priority — timely settlement. Through last year, when trading volumes soared threefold, the computers often failed due to overload. To sort out this problem over the next two years, we need to invest more in computerisation. Over the longer term — 10 years or so — we want on-line trading, a screen on every broker's table.

How will you raise the large funds needed for this?
This will not be a problem because the higher volumes that will result will more than pay for the cost. I am confident that brokers will not be burdened by this. In any case, we plan to phase in on-line trading in order to build up the broking community's confidence. We may start with computerising less-active scrips first.

How is your relationship with the government? Why must it be asked to approve of everything you do?
Well, until the legislation to empower SEBI is passed, that is inevitable. But the relationship is better than what most people imagine.

Do you plan to introduce new trading instruments like options and warrants? And what about a grey market for new issues until they are listed?
A committee is looking into this. Basically, our attitude is that the more the choice the better, provided there is proper regulation to prevent manipulation. In other words, more freedom of choice, provided that there is transparency of transactions. For example, a grey market is better than an unofficial one which can hurt investors.

In what ways can a capital market in Bombay help mobilise savings?
First, by providing liquidity. Over two-thirds of the total secondary market transactions take place in Bombay. Second, Bombay acts as a clearing house for other exchanges, even for Delhi and Calcutta. Third, all the financial institutions that raise funds are in Bombay. Fourth, even today, 25 per cent of new issue money is raised in Bombay although that proportion has been declining. Given our premier position and continued good relations with other stock exchanges, Bombay has a major role to play in mobilising savings through capital markets.

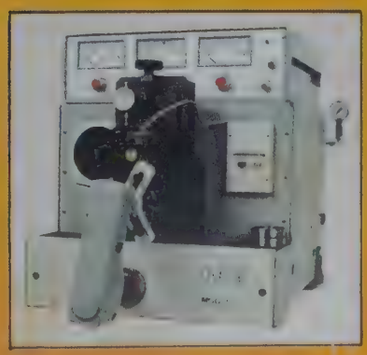
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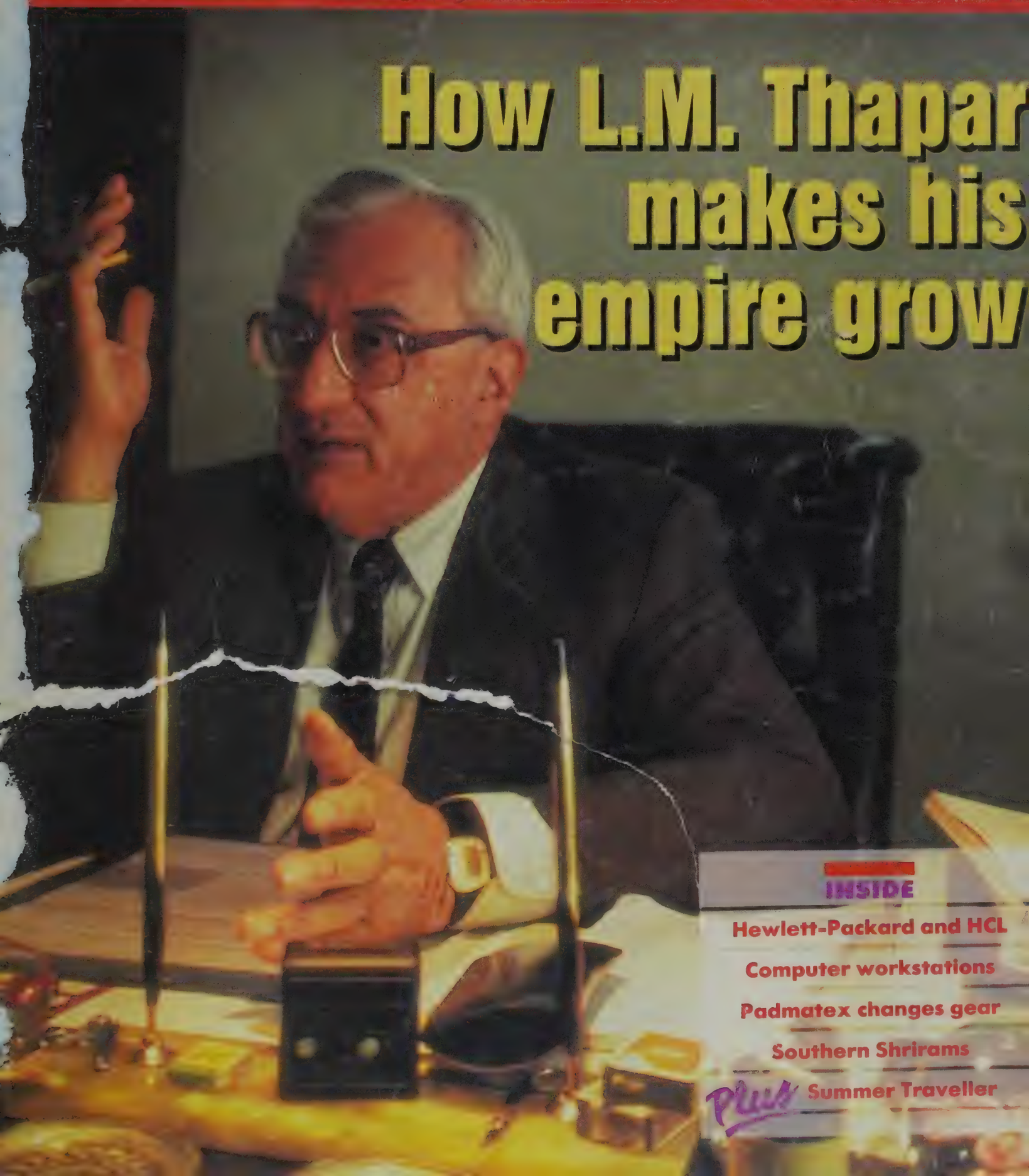
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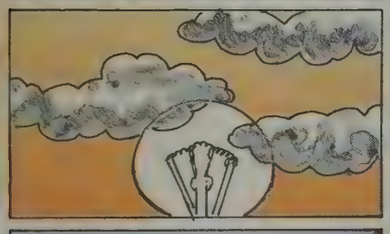
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LETTER FROM THE PUBLISHER

The Delhi-based Thapar group has steadily pursued growth. It has continued to climb in ranking and is amongst the top five business houses in India. In spite of its size it has retained its dynamism and competitive edge. Lalit Thapar is certainly amongst the most respected businessmen in the country.

Yet, interestingly, a study of the group makes one think carefully about the major issues that every large business house must deal with. To start with, the question is how close should one be to government and politicians. Being based in Delhi only focuses the question more sharply. On the one hand proximity to politicians can result in enormous benefits in a 'licence quota raj'. On the other hand one has to tread a tightrope in not getting too close. The situation can get quite tricky when governments change frequently. In fact, the world over, the current preference is to stick to business and stay away from politicians.

It is now also well accepted that the entire licensing regime, far from controlling large houses, in fact only benefited the big houses — at the cost of the economy and the consumer. So far, large business houses, including the Thapars, have had to depend on licences for growth.Yet, today most — even the big houses — would agree that licensing has become stifling and that liberalisation would be better for all. To be sure, there would be increased competition and many of those who are used to the old ways are bound to wither under pressure. But a competitive atmosphere would tone up the functioning of the better run companies and, in today's market conditions, this would allow them to grow rapidly and, in due course, become competitive internationally.

It is also true that most of the largest business houses have a very poor track record in exports and in fact are very large net users of foreign exchange. Since they are now being forced to earn foreign exchange, and they cannot export their main products, they have had to enter into lines or projects that they really have no skills for, only to export or for some other such reason. This only underlines the fact that they just cannot compete internationally and have prospered in a totally protected market — with the consumer paying the price. In theory, all the captains of industry would love to be competitive. But none would like, or more importantly be able, to face competition from free and unrestricted imports. Yet at some stage the day must come when we as a country will also have to allow free imports.

The Thapar group also seems to have managed successfully the transition from one generation to another. The history of Indian business houses has been that when it is time for the brother's children to take charge, then the quarrels start and divisions take place. A new generation of younger Thapars have join the business and are now taking positions of responsibility. Yet this is one of the few groups that has accommodated the next generation and not split. Many business families would love to be in a similar position.

It is against this background that we must judge the success of the Thapar group.

Ashok H. Advani

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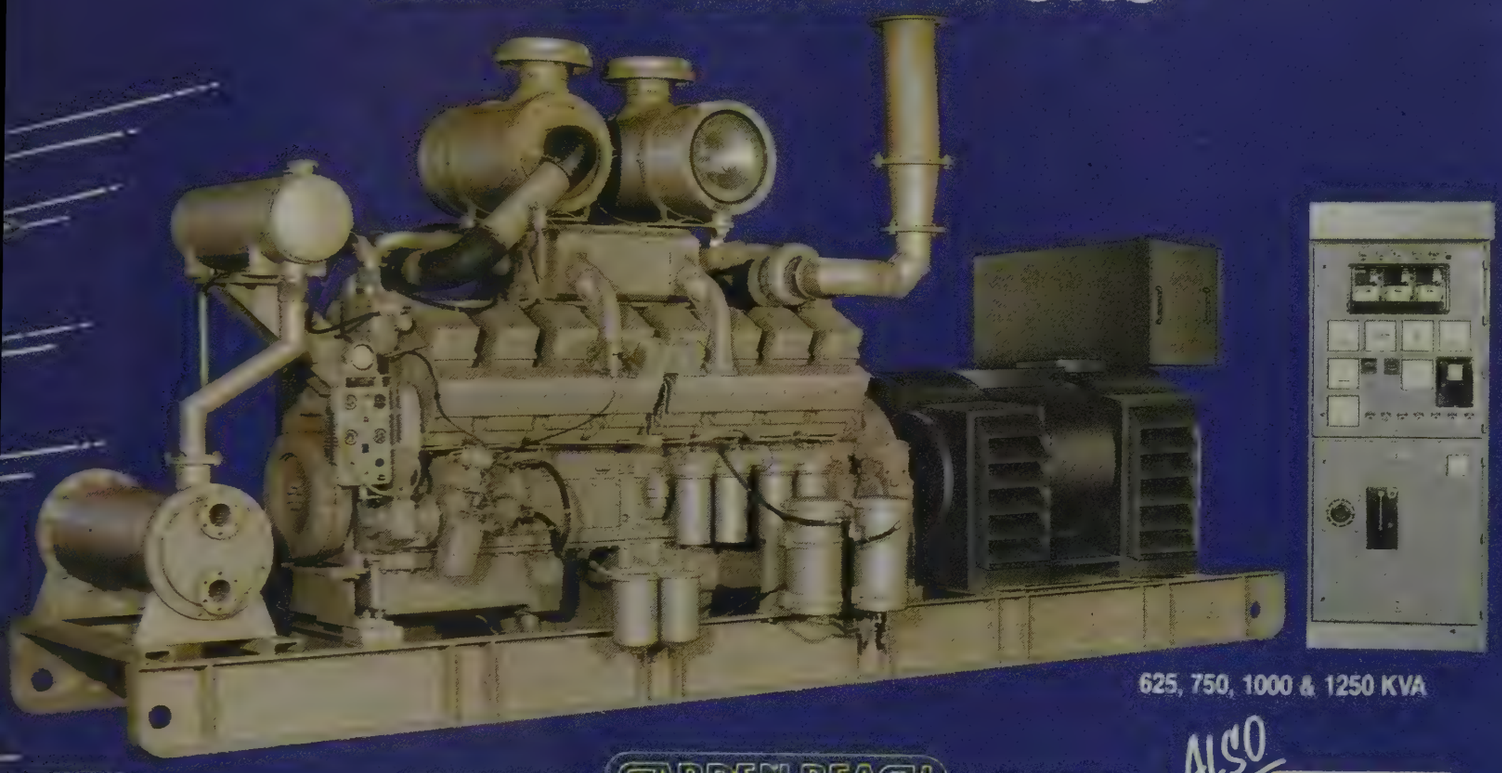
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LETTERS TO THE EDITOR



• Right on target

The Cover Feature, 'The Foreign Exchange Squeeze' (1 April) gives a graphic account of the causes leading to India's present economic situation. It is rightly said that the current foreign exchange squeeze is merely a symptom of the systemic failure in the economy. Sadly, this failure is not really a reflection of the economy's intrinsic strengths and weaknesses.

The consequences of the Gulf War and the depletion of receipts from NRIs of West Asia should not be ignored while taking stock of our economy. This is only a temporary phase and there is no cause for panic. A solution should be sought through the wisdom of economists, and not through rash bureaucratic actions. Irrational steps like control on imports will only choke industrial growth.

J.B. WILLIAMS
Madras

• It's not a weapon

T.V. Rao has analysed the appraisal system in organisations very well (HRD, 1 April). He is right in stating that since appraisal reports are linked to promotions which are always controversial, their value is diluted. Further, its sanctity is lost when a sincerely prepared report fetches a result that is not intended. Appraisal reports should be used to identify employees who need counselling, not to write them off.

HEMANT SRIVASTAVA
Pune

• Not always 'goodbye'

The article, 'A smooth succession' on J.R.D. Tata (Corporate Report, 1 April) made excellent reading. It brought to mind a hoarding put up long ago by Air India — Tata doesn't always mean goodbye. Speaking about J.R.D. as he is so well known, I guess there are hundreds of people who will have a story to tell about this eminent personality — especially the humility with which he conducted himself all his life.

If only other industrial houses and commercial establishments could emulate his principles, they would be able to offer a better quality of life to the nation at large, not to speak of the politicians we have today.

KAMINI MEHTA
New Delhi

• Your article on the Tata succession was a well deserved tribute to J.R.D. Tata. But at the same time it suffered from deficiency of information about his successor, Ratan Tata.

SHARAD KUMAR
Bangalore

• Technology mix up

The Special Report on fertiliser co-operatives (1 April) states that IFFCO's Aonla plant is using the same technology as that of KRIBHCO and, therefore, has remarkable results.

The IFFCO Aonla plant does not use the ammonia technology used by KRIBHCO. It uses ammonia technology from Haldor Topsoe A/S of Denmark (which is being used by Rashtriya Chemicals & Fertilisers Ltd's Thal plants: National Fertilisers Ltd, Vijapur and Indo-Gulf Fertilisers, Jagdishpur).

S.P. GUPTA
General manager (Aonla), IFFCO
Delhi

• A clarification

The news item (Businessmen in the News, 1 April), contains an erroneous statement — "Thermax was preferred to Keltron and ITI who were also in the race for the technology transfer deal. Tata Unisys has also applied for the technology transfer, but a formal agreement is yet to be signed".

In fact, eight companies had approached C-DAC for transfer of technology (ToT) of PARAM and related parallel processing products. From among these, three were selected and ToT agreements have been signed with Thermax, Keltron and ITI. The case of Tata Unisys is under negotiation.

VIJAY P. BHATKAR
Executive director, C-DAC
Pune

• Strengthening the economy

Your Cover Feature, 'Living with uncertainty' (18 March) made interesting reading. It appears that our country is destined to have coalition governments for the next several years. Legislation must be made effective if bodies such as the capital goods committee are to function in a meaningful manner. Secondly, states must be given greater autonomy in matters such as public issues, issue of industrial licences and approval of term loans. This would ensure that fortunes of businessmen do not remain tied to a single power centre in New Delhi.

A.V. VEDPURISWAR
Calcutta

• Fallout of Gulf war

This refers to the Cover Feature on the Gulf war (21 January). West Asia is now in the grips of a grim war. The war will definitely affect Indian economy to a large extent. The oil resources which comes mainly from Gulf nations will be affected because of UN sanctions against Iraq. So after three months, there will be a total shortage of oil products in India.

Indian exports to the Gulf Nations will suffer. This means no foreign earnings. Indian migrants in the Gulf who have come back to India will have to be supported, etc.

S. BACHAN JEET SINGH
Hyderabad

• Not so new

This is with reference to your news item about Dena Bank (Businessmen in the News, 18 March). The report states that the bank has come up with a new long-term deposit scheme.

We have to state that, the scheme referred to is not new. Our bank had introduced a similar scheme known as *Amrutkumbha Yojana* in 1983.

A.S. PATIL
The Kalinakar Bank Ltd
Kolhapur

• No long-term views

The Cover Feature, "The foreign exchange squeeze" (1 April) made interesting reading. The most impressive was the trade balance graph which suggested that, over the past one decade, the absolute trade (im)balance in our country has remained more or less constant, although trade has increased manifold and the base is much larger. This is a healthy sign.

The graph indicates a high correlation between imports and exports. A regression analysis can perhaps indicate a clearer picture. Which is the cause and which the effect remains to be known. Nevertheless, in such a scenario, a change (reduction) in one is likely to have a similar effect on the other.

The fate of the ongoing projects, in which cost and time overruns now seem unavoidable are shocking. With price increases inevitable, domestic demand is bound to suffer. One can argue that surplus funds are poured into the economy by the government enterprises. However, the productive capacity of the rupee (more of which now is in the possession of the government) and its multiplier effect on the economy is definitely questionable.

Like the author concludes in the article, "The finance ministry has a short-term view whereas the commerce ministry has a medium-term view." The long-term view is certainly absent.

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Hundreds of promises, but few ideas

Like cheaters at an examination, the economic content of the manifestoes and campaigns of the three major political parties — the Congress, National Front and BJP — bear a striking resemblance to one another. All favour a reduction in budget deficits in order to control inflation, decentralisation of decision making to the village level, privatisation of infrastructure, job creation via the small-scale sector and better terms of trade for agriculture. The Congress and National Front would both reserve 30 per cent of government jobs for women. As in Ajit Singh's aborted industrial licencing policy, the Congress would abolish licencing selectively (starting with monopolist-dominated industries). There is the usual wishful thinking by all the parties; for example, the Congress would roll back the prices of cheap cotton sarees to July 1990 levels, while the National Front would provide the rural poor with adequate housing in the next five years and the urban footpath dwellers with shelters. All the three parties similarly hope to reconcile a lower budget deficit with an expanded public distribution system of essential commodity distribution at controlled prices. There are the usual unbelievable — because they are unlikely to be implemented — ideas: stable taxes for five years from the Congress, for example; stoppage of evictions from agricultural land by the National Front.

Boring stuff? Not at all. The above indicates how the terms of the debate have changed over just one and a half years. Of course, in terms of social issues, there is a dramatic change in the openness of debate if not in its content. But even in economic terms, the broad thrust is now clearly stated as pro-liberalisation and anti-big government.

Beyond the common change from "justice and equity" in 1989 to the "decentralisation and deregulation" manifestoes of 1991, the similarity between the Congress and BJP views and the difference with the National Front on economic issues becomes a little sharper.

Primarily, the National Front's manifesto claims to be more pro-poor and rural in thrust than the other two — land reforms, better terms of trade and crop insurance, for example — while proposals like a convertible rupee and taxes based on inflation-adjusted income from the BJP and a time-bound programme of a stable tax regime, private sector mutual funds and offshore banking from the Congress give their manifestoes a more growth-via-liberalisation and urban middle class flavour.

The reason for this is partly the absence of compelling social issues in urban minds but perhaps also due to a general awakening about the usefulness of economic liberalisation. As the urban classes in India have prospered, their economic views have turned increasingly right-wing. Increasingly, the urban areas have voted for right-wing or centrist parties, while the left that used to perform well in the cities has moved to the rural areas — Bombay is a good example of this trend.

The National Front's relative neglect in its manifesto of a sizeable (150 million plus) urban constituency is surprising considering its strong pro-liberalisation record during its year in office but is understandable in the context of its targeted clientele of rural backwards. Read together with the manifestoes of the other parties, it suggests that political parties view voting patterns to be more segmented this time than a simple rich-poor, backward-forward classes or rural-urban divide.



Credit policy blues

The Reserve Bank of India's (RBI) credit policy for the first half of 1991-92 is unlikely to be remembered as S. Venkitaramanan's significant contribution to economic development. Like its predecessors, it contains one significant liberalisation, some minor ones and a clutch of new controls. It continues, therefore, with the gradual loosening of reins that the previous governor preferred with no long-term or strategic basis for change other than changes in the level of bureaucratic ignorance.

As the first comprehensive credit policy after the massive foreign exchange crunch that affected the country from December 1990 onwards, its major stated concern is, correctly, to conserve foreign exchange. Yet there is not a single measure in the credit policy that seeks to do so. The RBI could, for example, have moved towards a convertible rupee by creating an organised market for REP licences. Instead it chose to further raise margins on letters of credit for import after the announcement of the credit policy, a decision that has created fresh panic and uncertainly among importers — quite unnecessarily, given that there are no great uncertainties in international events these days; the size and pattern of imports and exports over

the next six months is fairly predictable. There is, therefore, every reason for a medium-term policy.

The other major concern of the policy is the control of inflation. Here, it admits failure: despite bringing down the growth of money supply in 1990, its targeted fallout — a fall in the inflation rate — did not occur. Instead, inflation soared last year. While in 1989-90, money supply had grown by 19.6 per cent and consumer prices by 4.8 per cent, money supply growth was down to 14.9 per cent and consumer prices rose by a whopping 14.1 per cent in 1990-91.

RBI's strategy to control inflation this time around is to continue to restrict money supply growth. To this end, it has raised the floor on short-term borrowing rates by one per cent to a minimum of 17 per cent. This strategy marks a shift from quantity-rationing to the use of the price mechanism.

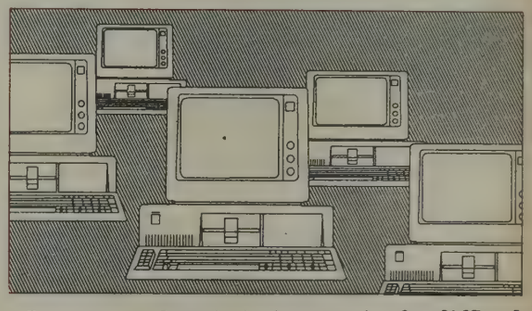
This sounds like a sensible shift because, with a history of excess liquidity in the economy, stiff reserve requirements have never acted as a meaningful brake on the supply of money. Nevertheless, there are good reasons to suspect that the chosen measures will not work. The first is that expectations of rising inflation and still higher interest rates might defeat the purpose of restricting borrowing through higher interest rates.

Second, there is one large borrower from RBI for whom the price of money has been historically irrelevant in determining its liquidity needs. That borrower is, of course, the government of India. Given the ongoing credit crisis of the government and the size of government borrowing (52 per cent of money supply), this situation is unlikely to change.

The obvious solution is for government to have a lower deficit and to dovetail fiscal policy with credit policy. Such a system has worked effectively in Britain. In fact, RBI's credit policy—unlike last year's—has announced a definite monetary growth target (14 per cent) and has linked it to the targeted fiscal deficit of 6.5 per cent of GDP (equivalent to 11 per cent of money supply), real growth of 4 per cent and inflation of 7 per cent. This is a good beginning.

One thing is clear. Unless the role of RBI is at least integrated with government policy, the usefulness of credit policy will continue to be conditional on the whims of government. In its present role, RBI is useful, but not a strong force for change.

Electronics throttle



The two key features of the electronics hardware business in India are rapid product obsolescence and rampant smuggling of components (at least 40 per cent of the total, by one estimate). The first is common to the industry worldwide, the second an outcome of import restrictions. Both features have helped the industry to grow rapidly, although its honest members have made lower profits as a result.

In order to promote exports to hard currency areas, the Department of Electronics (DoE) has come up with an original idea called the "internalisation of foreign exchange" within the electronics sector. Under the proposal, all new electronics imports should be financed only by intra-sectorally tradeable electronic export earnings.

There is a fundamental level at which the proposal is absurd. The efficiency of a market depends on its liquidity. By proposing to restrict the market for REP licences from electronics exports to electronics importers, the market will become thinner and less efficient as a result. The beneficiaries will be the middlemen who can locate buyers and sellers and the loser will be the exporter without a wide enough market in which to sell his licences. Thus, while the government talks of moving towards a "super-REP" licence which is freely tradeable and usable across all imported commodities, DoE plans a move in the other direction.

Even given the peculiar features of the electronics industry, the proposal reminds one of the old saying that there are two ways to be original. The hard way is to be a genius, the easy way is to be wrong. DoE has opted for the easy path.

Consider product obsolescence. It means that it is increasingly difficult for a single international manufacturer to be at the leading edge for any electronic product on an on-going basis. Hence, there is usually a continuous interchange of products and processes among manufacturers. The flow of imports and exports occurs instantaneously and is complex. Manufacturers, depending on their state of technology, are at different times net exporters and net importers.

For Indian manufacturers who are largely behind world levels of technological development, it implies that there has to be a period of net import. Even more important, the need to import will precede the ability to export. After that, given the country's technical skills, there is the reasonable expectation that the sector as a whole will be a net exporter of electronics hardware. DoE's proposal, on the other hand, asks for exports to precede imports, based on which REP licences will be issued. It has put the cart before the horse.

The government had last year proposed the concept of "net foreign exchange" for exporters — via REP licences and actual remittances. This should be applied to electronics exporters but with a longer perspective in mind thanks to the nature of the industry. A proposal that allows credible exporters (perhaps those in excess of a certain asset size) to import hardware duty-free provided they pay for it with export earnings within 5 years would make more sense as an incentive for exports. It is obviously back to the drawing board for DoE.

Ignoble failure



On 14 June 1988, tax deduction at source (TDS) form no. 16 was introduced by the Central Bureau of Direct Tax (CBDT) with noble intentions, no doubt. But as happens with most of the government's noble intentions, it failed. The reason: the new forms were not available at income tax offices for months.

The outcome: the notification was cancelled and a fresh notification dated 10 October 1988 was issued, making the rule effective from April 1989. The form however was further delayed and made available only by the last week of June 1989.

Now, after more than one and a half years since form no. 16 was originally introduced, the bureaucrats have realised that the unified form was actually a disunified form and required revision. Subsequently, with effect from 28 February 1991, form no. 16 has been replaced by three new forms — 16 (relating to salaries), 16A (relating to interest on securities, dividends and insurance agent's fees), and 16B (relating to lotteries, horse races etc). Until 8 April 1991, however, the new form number 16B was not available at the IT office, Bombay. Similarly, the annual returns on salaries which has also been amended with effect from 1 April, was not available at the IT office, Bombay, till 8 April.

V.V. VIJAYAN
Bombay

BA's second hub

From this summer on, anyone flying to London on British Airways (BA) will land not at well worn Heathrow, but at the spanking new north terminal at Gatwick, now the third largest international airport in the world. To reach central London, passengers need spend just 30 minutes on the Gatwick express monrail. And if they are outbound, they can check in any time on the day of departure at BA's Gatwick London terminal in Victoria station, leave their bags behind and continue last minute shopping or sight-seeing.

In order to develop Gatwick as the airline's second hub in London, BA has transferred three of its important routes there, viz, to Mauritius, the Seychelles, and Delhi (a daily service en route to Hong Kong and Manila).

BA was the first to operate out of this airport: its first flight took off from Gatwick on 17 May 1936. Today it is



the airport's largest scheduled airline, operating exclusively out of the spacious brightly lit north terminal, opened in March 1988. BA's weekly turnover at Gatwick is over 60,000, with 1,000 flights per week — the third highest flight movement in the world.

NR
Orissa

In the name of...

Having the same name as the prime minister of the country can have its special privileges, as Miss Chandra Shekhar of Bombay found out recently. She did not have a confirmed flight ticket for her flight to Delhi. Wait listed number 56, she was told that there was no chance of getting a confirmation. But when she presented her ticket, the man at the counter casually asked if she was related to the prime minister. "Yes," said our desperate friend, and next thing she was on the flight.

VINAY PARELKAR
Bombay

MBA for agriculture

Until now an MBA degree could be acquired only by those aspiring for a corporate job. But G. D. Naidu Agricultural University of Coimbatore has found a new application for the degree — a two-year MBA programme for those holding a degree in agriculture, horticulture, forestry and fishery. This course will be conducted as per the guidelines provided by the Indian Council for Agricultural Research, New Delhi.

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Corporate security

Security is a big issue these days and more and more companies are installing complex security devices. To enter auto teller machines (ATM) banks you have to use your ATM card. At Hindustan Levers, and American Centre you have to punch in a code number to enter. And Societe Internationate de Telecommunication Aeronautiques has a steel door with an electronic lock, and to enter you have to first seek permission over the intercom.

Recently Mitsubishi also constructed a similar door. The reason however was very original — as Japan was America's ally in the Gulf War Mitsubishi being a Japanese firm was in danger.

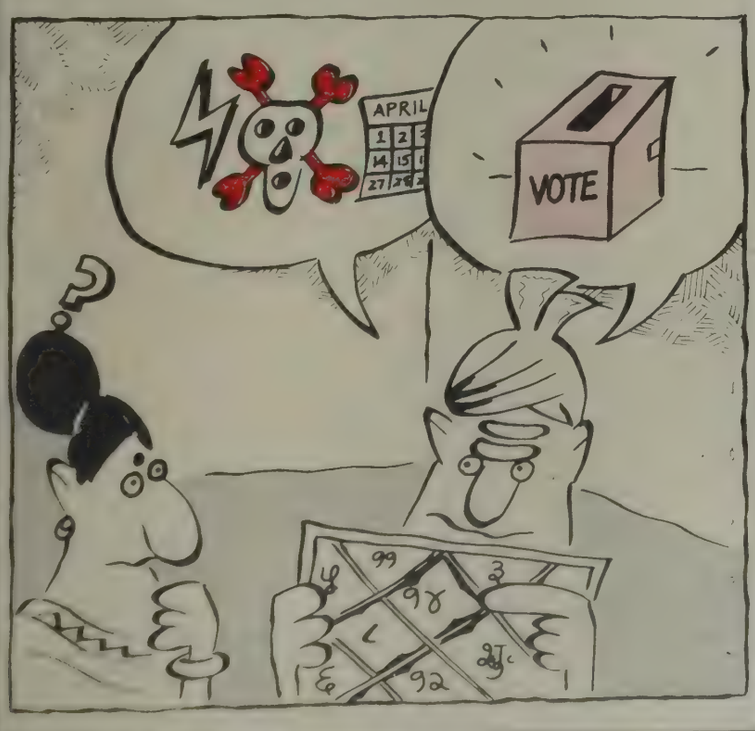
Kowtowing to the stars

Astrology may not be a science but its popularity cannot be undermined. Leave alone the layman, even politicians turn to the stars for advice. So now that it's election time, what do the stars have to say? According to the Tamil press, Jayalalitha's astrologer has told her that she would win provided the elections are held before 14 April. *Mathrabhoomi*, Thiruvananathapuram, quotes C.K. Ramachandran, president of the Kerala Jyotishtra Parishad, saying that the nation is headed for disaster.

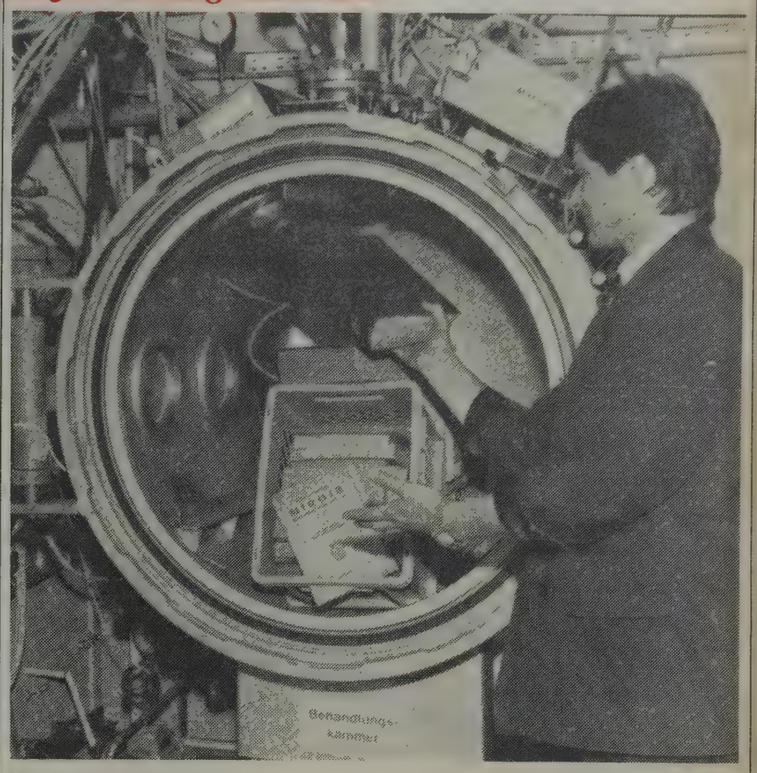
The new prime minister and his government will be in deep trouble before 21 December, as tragedy has struck the nation and its prime minister two months before and after every solar eclipse.

The renowned star gazer's calendar of mishap begins with 19 September 1962 when the Chinese attacked the country and ends with 6 March 1991 when Chandra Shekhar resigned as prime minister.

Aaj (UP), reports that the Congress (I) president, having taken serious note of all these predictions, has already started wooing the stars by holding a *mahayagna* in Amethi last week.



Rejuvenating old tomes

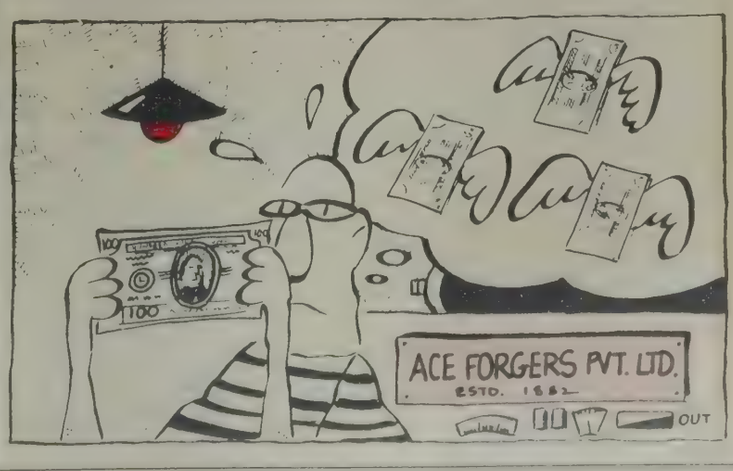


Old books that would otherwise turn yellow and flake apart can now be preserved thanks to a new technique developed by the Frankfurt Batelle Institute. The technique involves 'bathing' a hundred books at a time in a special chemical solution. The books are then subjected to microwave radiation.

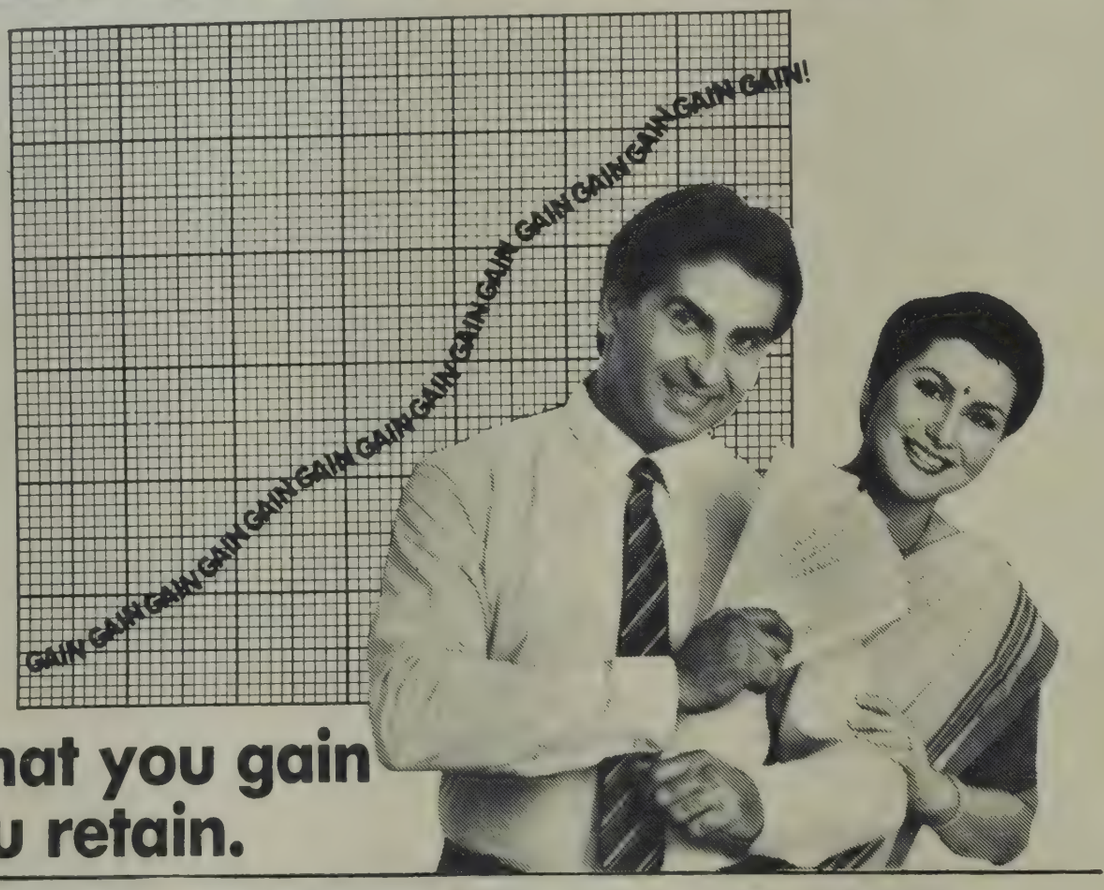
Foxing the forger

Five per cent of the world's trade is in counterfeit goods, according to the International Chamber of Commerce. And 82 per cent of $100 notes used in Europe in 1989 were forged. Forgery detection therefore has had to keep pace.

Australian scientists have developed an improved antiforgery optical device which uses pixelgram technology. This technology is unique because unlike holograms that can be forged, the pixelgram image cannot be compiled photographically or holographically. One of the pixelgram's most valuable features is its ability to reproduce a realistic human portrait on flexible plastic or paper, something beyond the capacity of current holography technology.



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Dave again

SLM-Maneklal, the Bombay-based sick textile machinery manufacturing company, may soon change hands again. Navinbhai Dave, always clad in white *khadi* and an industrialist from Ahmedabad, is trying to buy 28 per cent of the company's equity held by Habir Munshaw. Munshaw bought the same stake about five years ago from the original promoter Yogesh Maneklal who was them embroiled in a spying case. Dave is negotiating with ICICI, to buy Munshaw's stake surrendered to them a few months ago.

SLM-Maneklal, once a leading textile machinery manufacturer, has been losing heavily for the last few years. At the end of 1990-91, the company's accumulated loss was estimated to be Rs.25 crore against its equity capital of Rs.2.99 crore.

If Dave succeeds, this will be his second large acquisition. Earlier, he took over the controlling interest in Swan Mills, a sick textile mill in Bombay. After two-and-a-half years, the mill was restarted about a fortnight ago. Dave is now hoping to achieve a turnover of about Rs.25 crore and make a small profit too.

More Sumeet washing machines

The *mixie* king, Power Control and Appliances (makers of Sumeet mixers), is planning to be a major player in the washing machine market too. They already have two models of washing machines in the market and are now planning to introduce two more sophisticated models. Sumeet is also planning to start making roller irons soon. Thus, the company which used to be identified primarily as a mixer manufacturer may soon become a household name for a diversified range of home appliances.

Into housing finance

Tata Housing Development Co, a half-a-century old closely held company, may go public soon. The plan is to move from property development to housing finance in a big way. For this purpose, the company plans to raise funds through a public issue. Although the size of the issue is not known, it is understood that the present equity capital of Rs.2 crore will increase substantially. Moreover, the company may also change its name of Tata Housing Finance Ltd.

However, F.A. Pancha, the managing director of the company maintained that the company has no such plans for the moment.

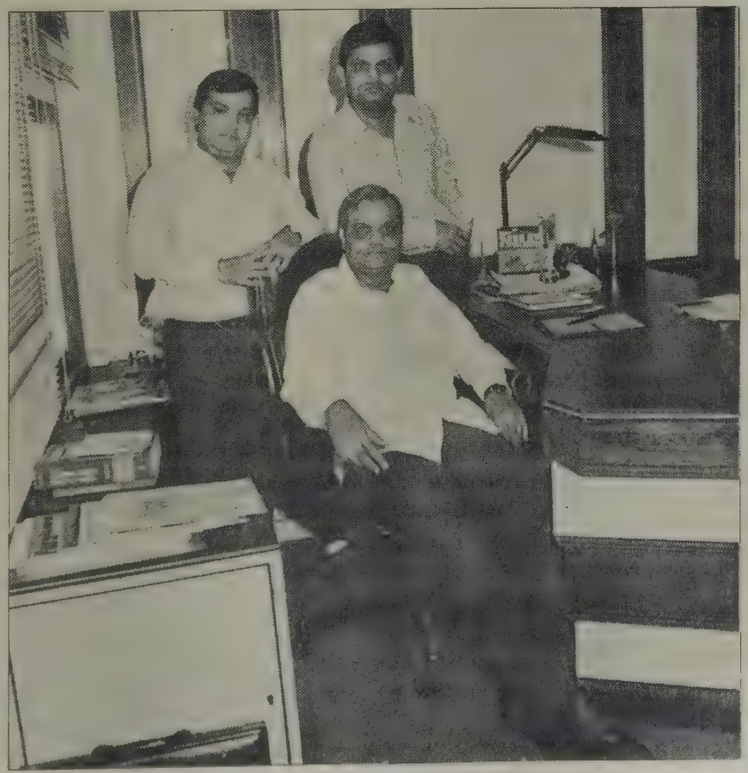
One more for south Bombay

South Bombay will soon have a new luxury hotel. The famous Bombay builders, Makers, have been working on a hotel project for years. After many false starts, they bagged the hotel site at the World Trade Centre at the very southern tip of Bombay. The construction has already started next to the IDBI tower which has established itself as a Bombay landmark.

But what is not known is that Makers have recently tied up with Regent hotels, the super-luxury chain from Hong Kong. Earlier Regent had been negotiating with Rahul Bajaj to bid for a site in Delhi. With Regent's reputation for attracting top-flight travellers, the business community in Bombay will welcome the new hotel.

Doshi brothers' new ventures

Not satisfied with their success in decorative laminates, the Doshi brothers of Neoluxe India Ltd are continuing to diversify into unrelated areas. Last year, they set-up a 100-per-cent export-oriented unit at SEEPZ in Bombay for manufacturing of jewellery. Now they are planning to tie up with the Gujarat government to manufacture drugs like Vitamin A and C. But the biggest deal struck by the Doshis is a proposed joint venture with the Russian government to manufacture decorative laminates in Russia. Meanwhile, with a turnover of Rs.120 crore, the three brothers continue to run their business as a joint family concern. The Doshis will be worth watching in the future.



The Doshi trio: to Russia with laminates

Ambani making rounds

What was Mukesh Ambani doing last fortnight at ICI Ltd's Thane plant? According to information available, Ambani was looking carefully at every section of the 30,000 tonne polyester staple fibre (PSF) plant. Ambani's visit, according to sources, is a prelude to Reliance finally making up its mind to buy the plant (ICI had put the plant on the block to stop its recurring losses).

The price ICI is believed to be asking for is Rs.80 crore. Considering the current cost of a new 15,000 tonne PSF plant at Rs.150 crore, Reliance will certainly have a good bargain for a plant which is twice as big. Curiously, with this acquisition, Reliance's PSF capacity will jump from the existing 60,000 tonnes to 90,000 tonnes, or more than a third of the industry's capacity. Reliance's other advantage is that it makes PTA, the basic raw material for PSF and will soon make MEG, another important input.

No one perhaps can be in a more enviable position specially when there is a big glut in the PSF market. Meanwhile, the talks between Reliance and the RPG group to take over the latter's PSF company India Polyfibres Ltd, is believed to have fallen through.

HINDUSTAN TELEPRINTERS

Smart moves

There is a resurgence of activity at Hindustan Teleprinters Ltd (HTL), the Madras-based manufacturer of electronic teleprinters. Last week, the company signalled its return to good health by introducing a chip card called a "smart card". Made in denominations of Rs.500 (which can be expanded to Rs.2,000), the smart cards contain micro thin integrated circuits (ICs) and can be used at unmanned pay phones.

HTL was on the brink of disaster by late 1989 (see *Business India*, 6 February 1989). Electromechanical teleprinters — a major product line — had just been discontinued and its electronic teleprinter capacity was severely under-utilised. Then, Lakshmi Menon, taking charge as chairman and managing director, succeeded in steering the company out of trouble. Turnover from sales and service increased to Rs.46.25 crore (unaudited figures) in 1990-91, as against Rs.34.74 crore in the previous year. And before-tax profit margins have increased from 6.4 per cent last year to 14 per cent this year.

A core team. Menon created a core R&D team of 30, headed by a general manager, to develop products for use in the tele-



Menon: back from the brink

communications field. Among the first products developed and produced were main distribution frames (MDFs) used in telephone exchanges and rural automatic exchanges (RAX). HTL executed a bulk order for 1650 MDFs during 1990-91 worth Rs.10 crore.

The R&D team's next success was the smart card. Initially HTL will make 150,000 cards which will be marketed by DoT (the department of telecommunications). The company will make a profit of one rupee per card, and at the end of the third year the turnover generated will be Rs.12 crore.

The chip card has opened other doors too. HTL's R&D team got it ready for production within 100 days of receiving the technology from Aplab, Bombay, impressing the powers that be so much that HTL will soon be allowed to manufacture faxes too. Menon explains that the project is in



the final stage of clearance.

HTL's proposal involves a technology tie-up with the French company Sagem, already its technical collaborator for the electronic teleprinter project. With the company's existing infrastructure, the fax project will need only a minimal investment of Rs.1.5 to Rs.2 crore. HTL plans to produce 5,000 fax machines in the first year and 50,000 by the fifth.

Until the fax project is implemented, the company's main profit source would be its electronic teleprinters. A bilingual teleprinter has been developed and an upgraded model with a gist card (for language transliteration), a video display unit and floppy disc drives is currently available.

Simultaneously, other products of a lower unit value, which have been developed by the R&D team, are being subjected to field trials. These include rural messaging terminals, audio conferencing units, a charge indicator (which measures the duration of a call and its cost to the subscriber), telecommunication components, and a range of modern software packages for ET & T's personal computer.

Except for the fax machines, all the other products will be sold through DoT. "We might sell faxes through agents. And also work towards building up a marketing setup," says Menon. Given these prospects, the mood at HTL is definitely upbeat.

■ DHARANI K. PANI

LARSEN & TOUBRO

Mega issue cleared

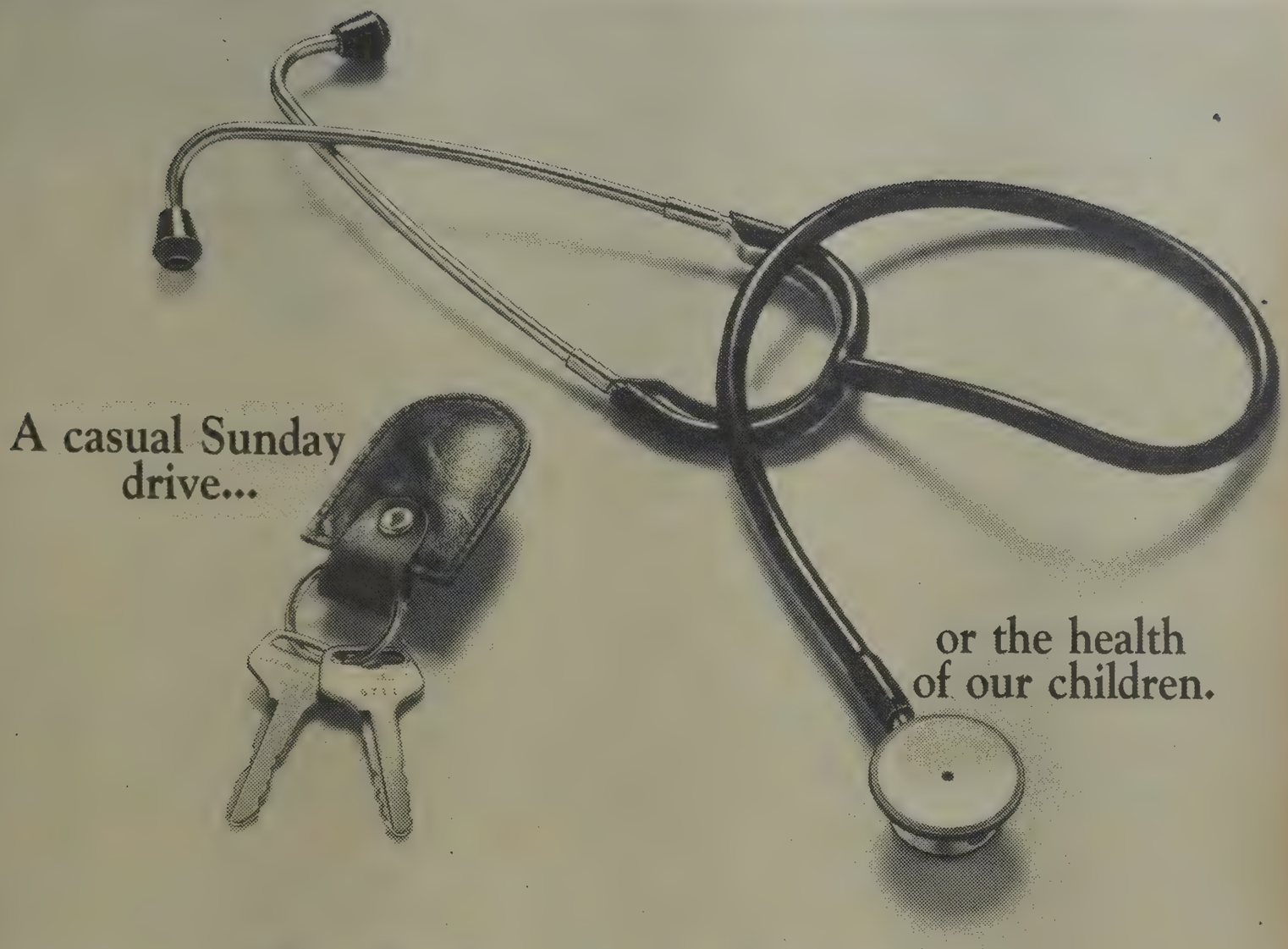
On 16 April this year, the Supreme Court ruled that the Rs. 820 crore mega debenture issue pushed through by the Ambanis — after their bitterly contentious acquisition of a controlling stake in Larsen & Toubro — was legal. The court pointed out that the proposal for the issue went up before the Controller of Capital Issues (CCI), only after the L&T shareholders had approved it. And that subsequently, the CCI followed the process set down by law.

The court also clarified that the L&T shareholders had also approved the preferential allotment of some of the debentures to Reliance shareholders and the use of a substantial part of the monies thus raised as supplier's credit to Reliance. So, any subsequent change in the terms of the issue by the company was not permissible.

Already subscribed. Finally, the court pointed out that a part of the debenture issue had already been subscribed. And that third parties had consequently obtained the rights due to them as L&T shareholders. Given this, the debenture issue could not be revised. So, now as far as L&T is concerned, the Ambanis are firmly entrenched; their holdings will go up to a comfortable 34 per cent.

By upholding the legality of the issue in the manner in which it did, the court left unanswered the question whether the CCI's consent to an issue must be held valid or invalid as a whole; or whether a part of it could be held valid and the rest struck down.

However, the court was scathing in its remarks about the manner in which the Ambanis engineered their takeover of L&T. What has always been at issue is the manner in which the financial institutions chose to unload their L&T shares and not the right of the institutions to divest any of their holdings. However, the new rules announced last year will enforce greater transparency in any takeover deals in future. To that extent then, what happened with the Ambani takeover will not happen again.



That's the choice before us.

A seemingly harmless joy ride could actually be working against the future of our children. Some startling facts will drive home the truth...

This year, India will be paying over Rs. 10,000 crores, just for its fuel imports. Which is more than 1½ times the amount spent on Health and Family Welfare during the Seventh Plan (1985-90).

Moreover, petroleum imports are costing us dearly in precious foreign exchange. It's time we got our priorities right. Surely, the well-being of our children merits more concern than a week-end drive. Austerity and efficient utilisation of fuel is the need of the hour.

Here's some fuel for thought...

For a start, let's keep all vehicles off the road, once every week. Even this small sacrifice will enable the country to make a fuel saving of several crores a year.

Let's drive only if it's a must. Where distances are short, let's walk. There's no better way of conserving fuel. We can also shed a few "pounds" without paying a rupee!

Even while driving, we can get more miles to the litre. That's if we keep our vehicle ship-shape. And drive methodically.

Sharing taxis. Starting car pools. Travelling by bus and train... simple and practical ways of cutting down fuel consumption.

The fuel saving habit can in fact begin right at home. Switch the cooking gas on, only after lighting the match. Also, keep the flame low.

If you run a business that uses petroleum products — introduce energy-efficient technology, equipment, operations, maintenance and periodic energy audits.

Our country needs our small sacrifices to surmount the fuel crisis. But let's not wait to be asked. Now's the time to work jointly in the nation's interest. For its economic independence and self reliance.

It's in our own interest too!

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ECONOMY

Lending rate raised

The Reserve Bank of India has raised the minimum lending rate for loans above Rs.2 lakh



from 16 to 17 per cent. This has increased the interest rate on long-term deposits by one percentage point and further opened up the money market.

Jewellery exports down

Exports of finished diamonds, gems and jewellery have fallen by 3 per cent to Rs.5,310 crore. This is despite the fact that value-addition during the year was a record Rs.1,455 crore. The decline attributed to recessionary trends in the US and the change in demand pattern in countries like Japan and West Europe.

Sugar subsidy to end

In another major effort to cut non-plan expenditure, the Centre has decided to stop subsidising levy sugar supplied through the public distribution system from May 1. This will save around Rs.40 crore a month. The heavy subsidies had begun when the V.P. Singh government was in power.

Sweeping powers for SEBI

The Securities and Exchange Board of India (SEBI) has been granted sweeping powers by the Union finance ministry to suspend operations of any mutual fund violating ministry guidelines. The draft guidelines also strip the Reserve Bank of its powers over the mutual fund business.

RBI refinance rate

The Reserve Bank of India will provide refinance to nationalised banks and the State Bank of India worth over Rs.1,000 crore at the rate of 18 per cent. This step is being taken in order to stabilise soaring interbank call money rates. The sharp increase in rates was apparently due to the general impression that the RBI would not provide sufficient refinance funds.

Merchant vessel norms

The government has relaxed the norms for merchant shipping





vessels in order to fully utilise the ships' economic life and postpone capital investment on new acquisitions. However, the existing norms have not been changed for drill ships and offshore supply vessels.

The current norms will now allow bulk carriers and liners to stay in service for 20 years as against 18 years. Also, the service life of tankers, edible oil carriers and chemical carriers has been extended from 16 to 20 years. The decision to make optimal use of existing tonnage stems from the government's inability to raise the Rs.15,000 crore needed to replace scrapped tonnage and acquire new vessels.

Boost for steel sector

The government has decided to import around 5.5 million tonnes of coking coal during 1991-92 to ensure that steel plants do not suffer from shortage of raw material. The government has also proposed to allow the private sector to manufacture steel items which has so far been the domain of the public sector. The objective of the measures is to boost steel production, which has been stagnating at the 1988-89 level.

NHPC outlay slashed

The government has slashed the proposed plan outlay of the National Hydel Power Corporation (NHPC) by more than 50 per cent. As against NHPC's demand for an outlay of Rs.9 crore, the finance ministry has sanctioned only Rs.4.5 crore. Moreover, the government might not be able to provide the promised support of Rs.1.05 crore and has urged the corporation to raise atleast Rs.61 crore by floating bonds. The reduction in the outlay is likely to make power generation costlier owing to the additional interest burden.

CORPORATE

First cordless telephone

Weston Electronics, one of the thirteen licencees for the manufacture of cordless telephones in the country, has launched the country's first cordless telephone.

According to Kamal Vachani, director, Weston Electronics, the instrument conforms to stringent quality standards and has also been 'tropicalised' to make it adaptable to the wide voltage fluctuations. The instrument is a product of Weston's R&D department that works in collaboration with Winfair, Hong Kong.

The telephones are being manufactured at a wireless plant at Parwanoo in Himachal Pradesh. Set up with the participation of the Himachal Pradesh Electronics Development Corporation, the plant has an annual capacity of 70,000 units This domestic manufacture will help conserve foreign exchange.



First overseas issue

The UB group is planning to float a stock issue of McDowell & Company Ltd (London) of over £ 20 million. For the first time, an Indian company will float a public issue of this size overseas.

According to company officials, the overseas issue forms part of McDowell's plan (being worked out by its merchant bankers, Grindlays) to acquire 'legal' ownership of UB International. The money raised will be utilised to make an equity investment in UB International (formerly Jenson & Nicholson, UK) which will make McDowells a major shareholder in the company.

On the domestic front, the group also plans to introduce five major public issues in the current financial year.

Oracle comes to India

US-based Oracle Corporation, the world's largest supplier of database management systems and applications software, has opened its India liaison office in New Delhi.

Tata Consultancy Services is its distributors in India. According to Oracle's vice-president, Peter Liljegren, the liaison office will not only tap the large potential market but also extend more support to TCS' operations and other users. According to Hirendra Gupta, country manager, Oracle will try to extend support to Hindi and other regional languages which will open up a big market in government and other local bodies.

Oracle has 33 per cent of the worldwide relational data base management (RDBMS) market with an annual turnover of $1 billion, 65 per cent of which comes from international sales.

KCL to make vehicles

Kirloskar Cummins Ltd (KCL) has signed an MoU with a Hungarian company to set up an export-oriented joint venture company to produce 10,000 commercial vehicles of capacities of 1.5 tonnes and above.

The Hungarian Railway Carriage & Machine Works with the trade name Raba, will have 40 per cent equity stake in the company which is expected to have a capital outlay of Rs.100 crore. According to vice-president S.S. Patil, the venture is to be located in Maharashtra. Chasis production is expected to begin within two years.

Ban lifted

The government has lifted the 13-month-old ban on dealings with five Japanese companies — Sumitomo, Mitsui, Mitsubishi, Marubeni, and C.Itoh. This was decided hurriedly prior to the finance minister Yashwant Sinha's trip to Tokyo to seek Japanese assistance for tiding over the balance of payment crisis.

The ban had been imposed by the National Front government in December 1989 after it was learnt that a Japanese consortium led by Sumitomo had paid kickbacks worth Rs. 6.5 crore to a Delhi-based company in a pipeline deal with the ONGC.

Monotype takeover bid

Jalan Industries Private Ltd and Associates are planning to take over Monotype India Ltd, a Rs.4.3 crore company. The Jalans have agreed to acquire 198,294 equity shares which constitutes 18 per cent of the company's equity. At a negotiated price of Rs.17 per share, this represents the entire Indian holding in the company. Monotype Plc UK holds 30 per cent and financial institutions hold 20 per cent stake.

Monotype manufactures and distributes phototypesetting systems, graphic production systems and printing machines. For the Rs.40-crore Jalan group, this is the first diversification from its tea business.



Dunlop's shoe unit

Dunlop India Ltd plans to set up a sports shoe manufacturing unit with a projected investment of Rs.5 crore. Tennis racquets and tennis balls are already being manufactured. Dunlop expects to earn Rs.15 crore worth of foreign exchange by the end of 1992-93, by export of sports goods.

Takeover of Rayalaseema Paper

The G.P.Goenka group is to take over the Sree Rayalaseema Paper Mills Ltd, which has a carryover loss of Rs. 100 crore for 1990-1991. The group intends to extend the installed capacity eventually. Having earlier taken over Star Paper, the group will acquire the 42.84 per cent stake of the original promoter, and also add Rs.45 crore over the next two years.

Balmer Lawrie, BP sign MoU

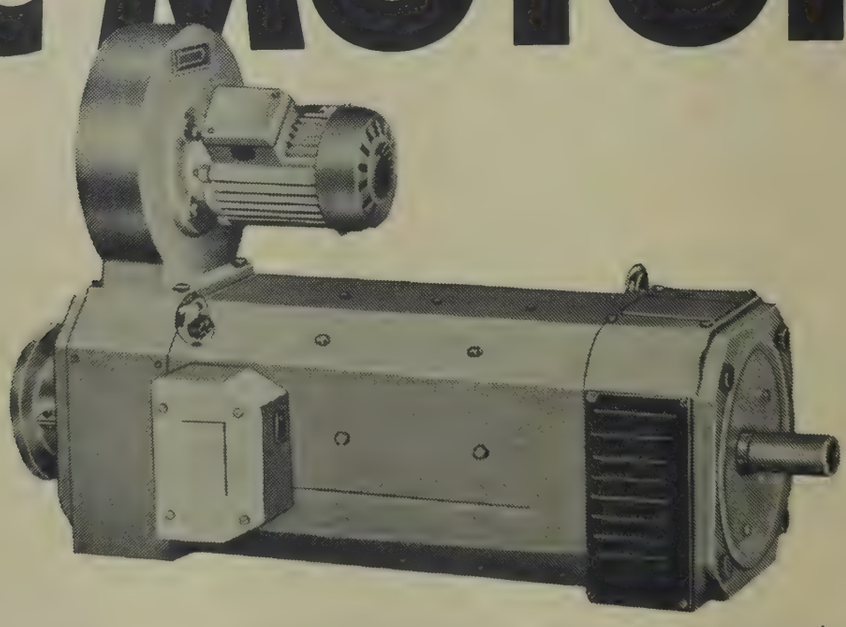
Balmer Lawrie and Co Ltd, and British Petroleum (BP) have signed a memorandum of understanding (MoU) for setting up a project to manufacture telecommunication cable jellies.

The project, to be based in Madras, is worth Rs.4 crore and BP will possibly have an equity stake in it. They are also considering the possibility of a joint venture to produce chemicals useful in the petroleum industry.

No Nelco-Peico tie-up

Peico Electronics and Electricals Ltd has decided against a tie-up with National Radio and Electronics Co Ltd (Nelco) as

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far as sharing the former's colour television capacity is concerned. The Peico board's decision came in the light of the company's improved working this year.

INDUSTRY

Drug industry

The drug industry is likely to renege on its export commitments to the Soviet Union this year following the sharp increase in the value-addition



norm from 33.33 per cent to 233 per cent at the beginning of this month.

The directive in this regard, by the chief controller for imports and exports in this regard has come as a shock to the industry which contracted Soviet orders worth Rs.360 crore in December-January and had been anticipating a sharp rise export orders after M.S. Gill, secretary, department of chemicals and petrochemicals, had led a delegation to that country last year.

Coffee co-operative

Coffee growers' associations have decided to float an inter-state co-operative outfit along the lines of Campco to create an alternate marketing system for their produce.

Varanasi Bhat, who launched Campco, has been entrusted with the task of creating a new co-operative. The United Planters' Association of South India, the Karnataka Planters' Association, the Karnataka Growers' Federation and the Coorg Action Committee of Coffee Growers have decided to pool their talent and funds to launch a new co-operative.

RBI probe

The Reserve Bank of India is conducting an inquiry into the growth of bank deposits at the end of the previous financial year. Commercial banks had reportedly inflated their deposits by flouting rules while garnering deposits. Despite the uproar over falling profits in the banking sector, the banks had scrambled to lure term deposits by paying depositors higher income on a lower maturity period. This was done by not stating the maturity period in the term loan contracts.

Closures in jute industry

A fresh round of closures and lockouts is imminent in the jute industry with a demand slump predicted from May onwards in both the domestic and export markets. At present, six jute mills are either closed or locked out and the number is likely to rise before June.

Besides, other jute mills may cut back production due to the reduced offtake of gunny sacks. Consequently, the industry's production could decline to an estimated 70,000 tonnes from the existing level of 110,000 tonnes a month. The demand glut is evident from the falling gunny prices in the local market with both sacking and hessian down by over Rs.2,000 a tonne.

Cement price up

All leading cement manufacturers have raised their prices by Rs.40 to Rs.60 per tonne recently. In central India, the immediate impact has been an increase of Rs.2-Rs.3 per 50 kg bag. But in north-eastern India the increase will be to the extent of Rs.6 per bag or Rs.2,200 to Rs.2,700 per tonne depending upon the transport cost.

According to manufacturers, though demand is rising, output has not been increasing. This year, the industry produced only 48 million tonnes against the target of 49.5 million tonnes.



NFY output slashed

Nylon filament yarn (NFY) producers have begun cutting back production and have threatened to further lower output over the next four months. Several spinners have already cut production by 50 per cent due to escalating production costs and falling demand. With caprolactum producers, FACT and Gujarat State Fertiliser Corporation (GSFC) closing the plants for maintenance from April to July, NFY makers have no option but to reduce output further.

FACT, which has been supplying around 6,000 tonnes of caprolactum since January, closed down its plant for two months from 12 March, while GSFC, which supplies around 10,000 tonnes, stopped production from 1 April. RBI's cash margin needs have placed the import of caprolactum beyond reach.

Ship age norms relaxed

The government has relaxed the norms for merchant shipping vessels to make full use of their economic life and postpone capital investments for new acquisitions. However, the existing norms have not been changed

DIARY

EVENT/VENUE/DATE	ORGANISER
National Workshop on Marketing to Government and Public Enterprises at Claridges Hotel, New Delhi from 2 to 4 May	Institute of Marketing & Management, 62-F Sujan Singh Park, New Delhi 110 003 Tel: 699224-5
National Conference on Marketing and Banking & Financial Services at The Oberoi, Bombay on 6, 7 May	IMM, Commerce House, Meadow Street, Bombay 400 023 Tel: 271479
Seminar on Corporate Tax Planning at SeaRock Sheraton, Bombay on 9, 10 May	Creative Communication and Management Center 2nd Floor, Raja Bahadur Building, 8 Ambalal Doshi Road, Bombay 400 023 Tel: 273006

for drillships and offshore supply vessels.

Now bulk carriers and liners can stay in service for 20 years against 18 years earlier. The service life of tankers, edible oil carriers and chemical carriers has been extended from 16 to 20 years. For coastal ships, it has been stretched from 20 to 24 years.

The limits for other chemical and phosphoric acid carriers have remained unchanged at 15 years. The age limit for liquified petroleum carriers has been extended by five years to 25 years.

LABOUR

Court order on salaries

The Madras High Court directed Binny Limited to disburse salaries for the month of March to the workers of the closed Buckingham and Carnatic (B&C) mills. Justice J Kanakaraj in his order on two writ petitions filed by the Madras Labour Union and the B&C Mills Staff Union, also directed the union to cooperate with the management staff and allow them to enter the mills and work out the pay bills. He also directed the company to distribute monthly provisions to the workers.

Relief for UP workers

Workers employed in the paper cardboard and board industry in Uttar Pradesh will get an interim relief of Rs. 80 per month with effect from January this year. The payment of this interim relief will be made to the workers in these industries till the revised minimum wages come into effect.

DA increase sanctioned

The Maharashtra government has decided to sanction to its employees the increased dearness allowance granted by the Central government, with effect from January 1991. The burden on the exchequer on account of this increase will be about Rs. 114.16 crore during the current financial year. The state government has also decided to sanction to its pensioners and family pensioners increased dearness relief with effect from January 1991. Zilla Parishad employees and retired teaching and non-teaching employees in aided educational institutions will also benefit from the increase.

Raise for construction workers

The ministry of labour has sanctioned a special allowance for workers engaged in construction or maintenance of roads, buildings and runways, as also stone breaking. The raise will range between Rs.4.55 and 7.57 per day, depending on the area and the category of worker. The wages for the lowest category of workers will increase from Rs.11.90 to Rs.15.45 with effect from April 1991.

The revised wages for semi-skilled and unskilled supervisory staff will range between Rs.19.55 and Rs.27.44. Similarly, the wages for skilled and clerical workers will be between Rs.24.81 and Rs.38.69 and for highly skilled workers between Rs.31.67 and Rs.43.81 per day. The consumer price index has gone up by 73 points during the period from July to December 1990.



Rural workers' seminar

The International Labour Organisation (ILO) is organising a regional Asia-Pacific seminar of rural workers. The regional workshop will focus on the identification of organisational, economic and cultural factors that affect the establishment and operations of special service programmes in agriculture, plantations and allied fields. It will also identify policy and legal requirements pertaining to the development of the special services programmes and suggest action programmes to strengthen special services for rural women.

LANDMARKS

Awarded, to Unilever director and former chairman of Hindustan Lever Ashok Ganguly, the Bombay Management Association's 'Man of the Year' award for 1991 for his service in the field of management. The panel of judges who did the selection was headed by chairman of State Bank of India, M.N. Goiporia and included E. Baltin, managing director of Hoechst India, S.A. Dave, chairman of Unit Trust of India, N.M. Duldhoya, managing director, PIL, and S.D. Karnik, provice chancellor, University of Bombay.



Awarded, the B.M. Birla National Science Awards to R. Balasubramanian of the Institute of Mathematical Sciences, Madras and N. Mohan Kumar of TIFR, Bombay for Mathematics; to S. Ramaseshan of the Indian Institute of Science, Bangalore, Ganesh Pandy of the Indian Institute of Chemical Technology, Hyderabad and K.N. Ganesh of the National Chemical Laboratory, Pune for chemistry.

Appointed, Krishna Joshi, director of the National Physical Laboratory as director general of the Council of Scientific and Industrial Research and also as secretary in the department of scientific and industrial research. Joshi, who will be the eleventh director of the CSIR, succeeds A.P. Mitra.

Weighed, Rajiv Gandhi against blood on the occasion of B.R. Ambedkar's birth centenary last fortnight at Mhow, the birth place of the author of India's Constitution. The exercise took up 72 kg of blood in 121 bottles, donated by 31 Congress workers. The government hospital at Mhow in this BJP-run state refused to accept the blood, and it was eventually handed over to the local branch of the Indian Red Cross Society.



Died, Rajendra Mathur, editor-in-chief of India's most respected Hindi daily, *Navbharat Times*. Mathur, 55, had a long stint as head of the department of English at Indore's Gujarati College before starting his career in 1970 with *Nai Duniya* in the same city. He took over as editor of *Navbharat Times* in 1981.

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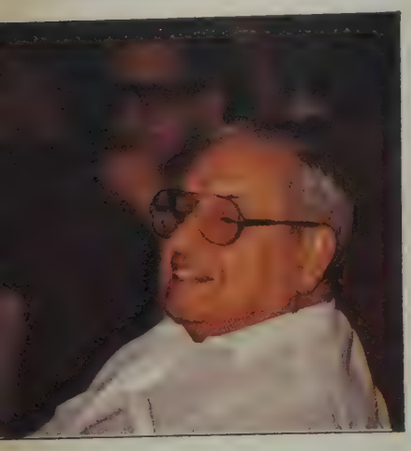
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RUSSI MODY

One CEO who does not mince words when it comes to attacking the government is Russi Mody, chairman and managing director of Tata Steel, India's largest private-sector company.



And this, despite the fact that he works in a sector which is in the stranglehold of government controls. Speaking at his annual press conference in Calcutta last fortnight, Mody came down heavily on the government's rather capricious decision to shift the public sector Indian Iron & Steel Company (IISCO) out of the ambit of controls.

Said a caustic Mody, "First they said that the mini steel plant sector should be kept out of controls. We agreed and so did our big brother SAIL, because integrated steel plants were much larger. Now we find that they have begun to make distinctions within integrated steel plants, by allowing IISCO to sell under its own terms. This is not fair. We will go to the courts if necessary."

AJIT MOHAPATRA

Not wanting to be a part of the 'rat race', Ajit Mohapatra manufactures only special purpose machines at his Kalinga Engineers Ltd (KEL) in Orissa. Among them are molten aluminium and zinc metal pumps, high-speed metal cutting machines and special galvanising machines. These and other

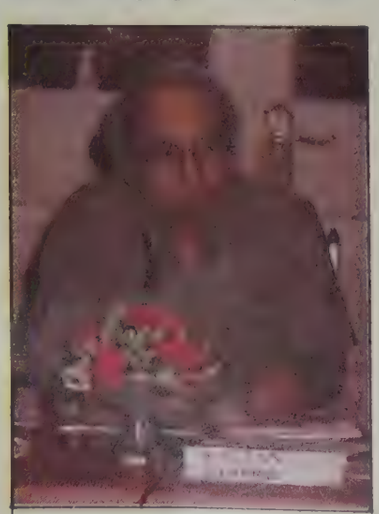


products are the outcome of KEL's R&D division which the Union government has recognised as a 'technology incubator'.

Says Mohapatra, "KEL aims at vertical growth through technology development, employee training and the manufacture of machines from newer concepts rather than through horizontal growth by acquiring assets and expanding the standard product range, which is rather easy." Recently, the entrepreneur was appointed on the state's planning board and entrusted with the task of studying the viability of new small-scale units in Orissa.

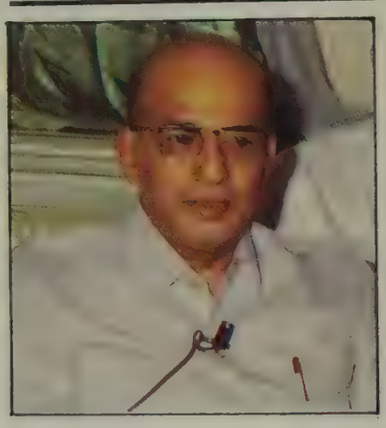
KALYAN BANERJI

It has been another year of good performance for the Export-Import Bank of India (EXIM). Says Kalyan Banerji, chairman and managing director, "Despite the Gulf crisis, this year's results have been better than what we expected." Net profit increased to Rs.31 crore from Rs. 27 crore in the previous year. Loan sanctions too, have registered an increase of 7 per cent over the previous year's level of Rs. 955 crore.



"In terms of multilaterally funded projects, especially those funded by the ADB, this has been an exceptionally good year," says Banerji. The bank was able to contract 95 export orders, valued at Rs.900 crore across 30 countries. This represents a near 109 per cent increase over the previous year.

JAGDISH SHETH



The Shipping Corporation of India (SCI), owner of 127 ships (which makes up 50 per cent of the total tonnage for the country) has not prepared or released its balance sheets and other financial statements for the last two years. But, according to Jagdish Sheth, acting chairman and managing director, the company has ended March 1991 with a net profit of Rs.95 crore on a turnover of Rs.1,100 crore.

Sheth is confident of maintaining profit levels and outlines SCI's game plan: rapid diversification into specialised high-tech areas in the shipping business. Hence the move to acquire carriers for liquid ammonia, liquefied petroleum gas and phosphoric acid. The acquisition of 129 ships in the Eighth Five Year Plan at an investment of Rs.6,694 crore is also part of the plans.

HASMUKH SHAH



One of the most prominent builders and real estate developers of Gujarat, Hasmukh Shah, recently tied up with the US-based Quality Inn International chain of hotels for setting up a four star hotel called Shalin in Ahmedabad. The proposed hotel with 72 rooms on eight floors is expected to be ready for occupancy after July 1991.

Shah, who perceives a tremendous surge in tourism in Gujarat, plans to set up a number of three star hotels, especially along the state's long coastline. A qualified civil engineer, his future plans also include diversification into the manufacture of sanitary tiles.

F.J. DESOUZA

Last month, Patel On Board Couriers (POBC) entered the international arena when they carried a packet from Delhi to London. According to F.J. De-Souza, managing director, POBC, the courier industry has



grown rapidly in the last two years. POBC, which began operations two years ago, today has a network of 22 branches all over the country and has crossed the Rs.10 crore turnover mark this March. Says De-Souza, "To start with, in the international sector POBC will operate six flights from London to Delhi per week. In two weeks' time, we plan to extend our service to New York. This should see our turnover double by the next financial year."



JIM DUNCAN

The nascent Indian computer-aided design (CAD) segment has been attracting big names to Indian shores. The latest such visitor was Jim Duncan, general manager (technical markets) at Mcdonnell Douglas. Says he, "The Indian industrial community cannot compete in the export market unless it uses the latest tools for manufacturing. These tools are expensive but you cannot ignore them." One such tool, Unigraphics II, is marketed here by Tata Consultancy Services (TCS), Mcdonnell's local representative.

ARUN KIRLOSKAR and FERENC KARPATI



Kirloskar Cummins Ltd (KCL) and the Hungarian Carriage and Machine Works recently signed an MoU. The aim: to set up an EOU for the production of 10,000 commercial vehicles in the 1.5 tonne to 25 tonne range. Arun Kirloskar, chairman of KCL and Ferenc Karpati, director general of Hungarian Carriage, signed this agreement at Pune.

The Hungarian company, a leading manufacturer of axles with sales of $35 crore decided to launch commercial vehicles. Says Karpati, "These vehicles have been designed to conform to international standards for fuel economy, emission control, operating and maintenance costs." Pune-based KCL, of course, manufactures diesel engines which are now storming international markets. Adds Kirloskar, "The two companies have decided to pool their R&D efforts for the continuous upgradation of the vehicle."

H.W. UNGER

At a time when many foreign lenders are turning away from the Indian sub-continent, the representatives of Dutch bank NMB Postbank Groep N.V. are both 'optimistic and bullish' about investments in India.



NMB opened its first representative office in Bombay last fortnight and hopes to get a licence for a branch by the year end. With its experience in third world asset trading, innovative trade finance, liberalisation and privatisation, this Dutch bank can help "India bring in foreign investments", assured H.W. Unger, a member on its board of directors.

The bank has an asset base of $150 billion after the recent merger with the Netherland's largest insurance company Nationale Nederlanden.

G. EHRNROOTH

G. Ehrnrooth, president and chief executive officer of Metra Corporation, hailing from Finland, started his career in Wartsila Diesel as a technocrat. He shifted to Lohja Constructions and went on to become its CEO. In 1989, Lohja and Wartsila Diesel International merged to form the Rs.50 billion Metra Corporation. For Ehrnrooth, this deal took him full circle... to where he started from.



Ehrnrooth was in the country last fortnight to inaugurate Wartsila Diesel India's (WDI) technology school at Khopoli where WDI's (1990-91 sales: Rs.50 crore) employees as well as outsiders will be trained in power planning operations.

EIKE MARKAU

He spent 26 years marketing food and electronics before taking over as chairman of the board of Messe Frankfurt. His special skills have helped transform this German company into one of the largest trade fair organisers in the world where 32,500 exhibitors put on show their products. These are spread over 140 industries and attract more than 2.6 million visitors every year.



Markau was in India last fortnight to promote his trade fair in which 430 Indian textile companies participated last year. "The major increase in the participation of Indian companies in our textile fairs is reflected in the fact that in just two years, export of textiles to the European Community has increased by more than half to around half a billion German marks," he says.



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EXPORTS

Risk-taking imperative

The recently-held annual convention of the Madras Management Association (MMA) covered a topic of current interest: Indian exports in the changing international scenario.

The convention was addressed by eminent captains of industry such as J.N. Sapru, chairman of ITC, S.M. Datta, chairman of Hindustan Lever Ltd (HLL), V. Srinivasan, vice-chairman of W.S. Industries and also chairman of CEI, V.L. Dutt of KCP Ltd (vice-president, FICCI), N. Sankar of the Sanmar group (alternate president, Assocham), and N. Vittal, secretary, department of electronics (DoE).

MMA president Malika Srinivasan (vice-president of Tafe) stressed that the single European market was going to present the greatest challenge to Indian exporters. She also emphasised the need to set up institutions to enable Indian companies to get accredition similar to ISO 9000 to make it easier for them to compete in the European market.

Need for devotion. Sapru who discussed ITC's experience in exports explained that the company chose to do so as an integral part of its corporate strategy. ITC's export target is Rs.1,000 crore by the turn of the century, a major portion of which will consist of merchandise exports. "It is only single-minded devotion which can finally help one succeed in exports," said Sapru.

If ITC was under no compulsion to export, the multinational HLL, being a FERA company, was. Dutta took the audience through the pitfalls and successes the company faced in its export effort. Today HLL's exports are around Rs.250 crore out of which it makes a post tax profit of Rs.20 crore. How was this possible? According to Dutta, it was due to the organisation's commitment, its dedicated resource base, specialised skills and the good work environment. The decline of the rupee trade, emergence of east Europe as a competitor, the changed equation in the Middle East and the dominance of the Triad consisting of North America, Europe and Japan will be the challenges India will have to face in the nineties.

A team from ICICI made a presentation from the study they conducted on export possibilities. They made the rather depressing point that India is an unknown entity in global markets. Japan recognises China but not India. The lack of continuity of policies and changing of procedures have stood in the way of our exports. The team concluded that winning strategies and opportunities are present before India — it is up to us to make use of them. V. Srinivasan expressed regret that the ill-fated Bharat Business International Limited (BBIL) died even before it was born. He strongly felt that counter trade is a critical instrument for hard currency earnings and that the BBIL would have made all the difference.

N. Vittal (DoE) captured the attention of the audience with his witty and lucid presentation. He accepted the fact that at policy-making levels there have been wrong perceptions regarding the electronics industry; for example, it is an import guzzler catering to the luxury sector. Vittal imparted the good news that the DoE was all geared to move from competence to competitiveness: "It is up to industry now," he said, throwing the challenge to the industry.

N. Sankar who spoke on new avenues for foreign exchange earnings, conceded that there are in fact, no new avenues left for foreign exchange generation. What is needed is new approaches to better utilisation of already identified paths. He listed several areas such as export of culture and tourism. Human resources, projects, entrepreneurship (Indian investment overseas), Indian business opportunities (inviting direct foreign investment in India) and merchandise which should be positively exploited in the years to come.



Captains of industry: winning strategies and opportunities are present before India

Vigorous competition. There was unanimity among speakers that an effective global presence for Indian exports would depend critically upon vigorous internal competition. Every speaker stressed the need for making strategic international alliances and co-operative marketing. A visible and positive Indian image abroad is a dire necessity for successful Indian exports. Interestingly, none of the speakers wanted further incentives. But their collective anguish was over infrastructure inadequacy and bottlenecks as also government policies which prevent them from operating freely abroad.

N. Kumar, chairman of Indchem Electronics and convenor of the convention, concluded that one essential ingredient in the export strategy for the nineties would be to accept taking risks. Industry has to risk its resources for exports and the government has to risk formulating well-targeted schemes. And the other ingredients would consist of the relentless pursuit of productivity, quality and concepts like just in time inventory and zero defect manufacturing.

■ SUSHILA RAVINDRANATH

BOMBAY CUSTOMS

Getting tough

A recent notification by the Bombay customs collectorate cancelled all bills of entry (BEs) noted on six holidays in the last fortnight of March but on which duty had not been paid until 31 March. This has raised a severe protest from importers based in the port city. They now face a reassessment of the values of their consignments at new rates of exchange fixed for the quarter beginning 1 April. Most will now have to pay 10 to 30 per cent more duty.

Importers outraged. Outraged importers describe this as a surprise move that is "grossly unfair" if not an open attempt at "extortion" on the part of the revenue department. While the All India Importers Association (AIIA) has written to the Central Board of Excise and Customs (CBEC) seeking its intervention in the matter, a couple of individual importers have challenged the notice in the Bombay high court.

AIIA president Mohan Nihilani says a formal request to withdraw the notice has been placed before the customs collector, V.K. Gupta. The next stop is at CBEC Delhi where an importers' delegation will plead the case. If this fails, the matter will be taken to court. "We have serious doubts about the legality of this notice as also the authority of an individual bureaucrat to issue it," says Nihilani, himself a member of the Customs Advisory Board.

Gupta has his own point of view. According to him, the facility of keeping custom houses open on those six holidays in March was given for the specific purpose of enabling importers to clear their consignments and pay the duty before 31 March. However, says Gupta, "We noticed that many importers were misusing this facility and getting their BEs noted only to ensure that their consignments were assessed at the then prevailing exchange rate. This defeated the very purpose of the facility." According to him, this was the primary reason the impugned notice (No.49) was issued on 1 April.



The Bombay customs collectorate: unfair to importers?

However, importers dismiss Gupta's contention and deny that they had been taking any undue advantage of the holiday. As a leading importer who preferred annonymity says, "It cuts both ways. Some major currencies like the yen, sterling and the DM have depreciated while the dollar and a few others have appreciated."

However, since over 50 per cent of imports are in dollars, it is clear that the importers' loss is the revenue department's gain. At the same time, the 20 to 25 per cent importers, who have to pay duty on yen and deutschmark values, have certainly benefited as these currencies have fallen in the current quarter.

Significantly, say importers, the earlier notice (No.39 dated 19 March) keeping custom houses open on these holidays was applicable all over the country, whereas, this one (No.49 dated 1 April) is only for the Bombay collectorate. It is not applicable even in the neighbouring collectorate at the Jawaharlal Nehru port. In fact, a number of import consignments noted on these holidays have been cleared without a hitch from the hi-tech port.

Ambiguous notice. The problem lies in the ambiguous wording in these notices. They merely state that the custom houses will remain open on these holidays to enable importers to clear their goods and pay duty before 31 March. There is no specific mention of the fact that the purpose of keeping the offices open was solely to collect duty and not for any other procedural work.

Gupta maintains that the notices are very clear — only duty was to be collected. But importers and clearing agents point out that BEs were accepted by customs for noting on these days and if the purpose was solely to collect duty no other work should have been done. They insist that for valuation purposes the pre 31 March rate should be applied.

In all this confusion, importers are also suffering heavy losses by way of port demurrage on uncleared consignments, delayed as a result of re-filing BEs and going through the assessment procedure all over again.

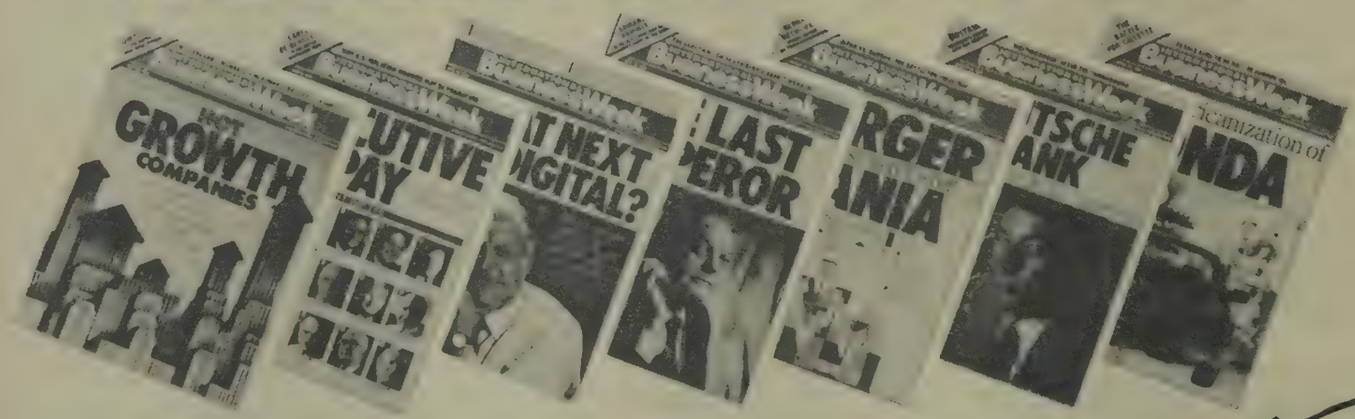
Despite all protests, Gupta refused to budge. "The notification will remain in force unless the high court (which is hearing the appeal filed against it) issues orders otherwise," he asserts.

Nihilani too has taken a similar aggressive stance. No matter what the outcome of the parleys in Delhi or the courts, he vows to table a protest before the Public Accounts Committee and the Comptroller and Auditor General. Meanwhile, with the meter on port charges ticking relentlessly, the importers stand to lose.

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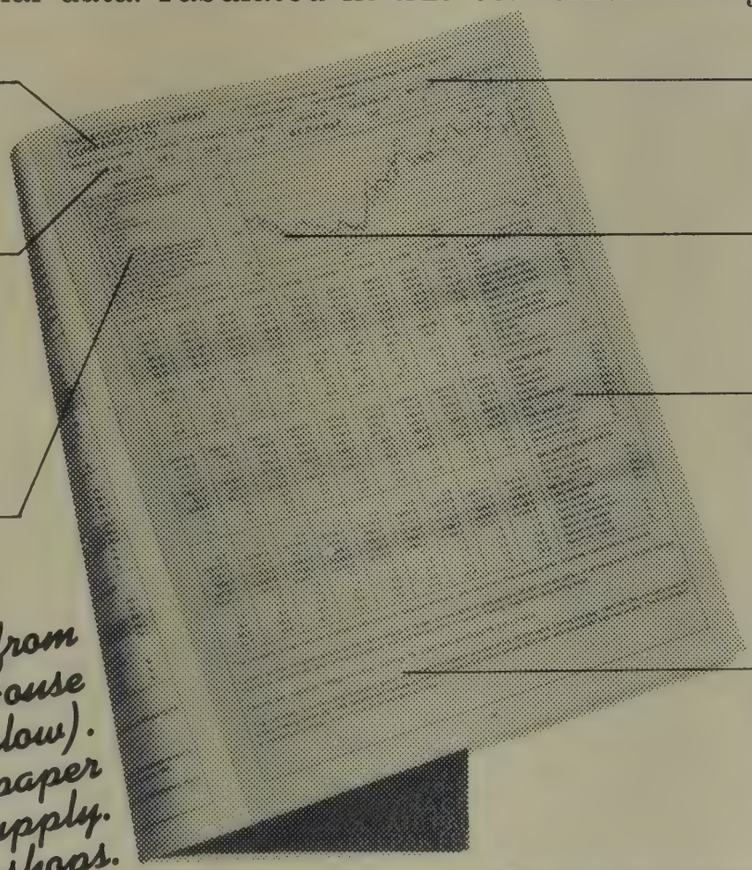
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COPRA

Kerafed's initiative

With a 60 to 70 per cent oil content, copra (dried coconut kernel) is a prized commodity in the oilseeds market — a happy fact Kerala's coconut farmers have always known. It is also something that a clutch of upcountry big business houses have been cashing in on for long. By controlling Kerala's copra market (annual production: 360,000 tonnes from 4,000 million nuts), these large manufacturers of household brands like 'Parachute' of Bombay Oil and 'A1' of Ahmed Mills, were dictating the price of copra and coconut oil. But not any more.

Now, these companies are finding the going a lot tougher. A three-year old state agency, the Kerala Sahakarana Federation Ltd or 'Kerafed', an apex body of around 900 primary agricultural cooperative societies, has entered the market to buy copra at the floor price fixed by the Central government. Last year, Kerafed bought 43,000 tonnes during the January-September season at the floor price of Rs.1,600 per quintal. According to managing director, Vinod Rai, but for Kerafed's intervention, the price would have crashed to Rs.1,200.

Now, with the commissioning of its new processing plant at Karunagapally in south Kerala, Kerafed is all set to secure for its farmers better prices and a surer market. The plant, with a capacity to process 200 tonnes of copra per day, has been commissioned about five months ahead of schedule — incredible for a public sector company. But sound business acumen prompted this early commissioning. Had Kerafed waited until October, the month originally scheduled for the commissioning, it would have missed the current copra season. And so, even as much of the infrastruture is being put in place at Karunagapally, Kerafed has started procuring and processing copra.

Shortfall expected. The floor price has been set at Rs.1,700 per quintal this time. Since this year's crop has been poor, farmers expect a 20 per cent shortfall in coconut production. Nevertheless, with more of its members participating actively this time (500 compared to 343 last year), Kerafed expects to procure about 60,000 tonnes this season. Production of coconut oil has already begun at Karunagapally, at the rate of 70 tonnes per day and the plant is expected to reach full capacity by mid May. By March 1992, Kerafed plans to set up a similar mill in north Kerala, to be followed by one more at Kochi which will be a solvent extraction plant.

These plans form part of Kerafed's integrated coconut development project which will cost Rs.94 crore, 78 per cent of which will come as a grant from the European Economic Community (EEC). Kerafed has reason to be happy. Its 'Kera' brand coconut oil has been enthusiastically received in the local Kerala market, and it soon plans to enter the Bombay and Calcutta markets with new packs.

Marketing outside the state, however, is not easy. To make some headway, Kerafed is trying to activate the national network of state oil federations and work out mutually beneficial marketing tie-ups. Its long-term plans include production of baby oil, and coconut oil-based hair tonics with herbal perfumes.

Morale booster. It's too early to say whether these new ventures will help Kerafed's bottomline or not, but last year Kerafed did post a minor profit of Rs.36 lakh on a turnover of Rs.33 crore. Profit or loss notwithstanding, these plans, if they do not veer off course, will boost the morale of the nearly five million individual farmer members of Kerafed. As such, the raw material they have is still India's best: 6,850 coconuts of Kerala will produce one tonne copra, as against 7,000 in neighbouring Tamil Nadu and Karnataka, 8,820 in Andhra Pradesh and 12,000 in the Lakshadweep. Further, the oil content in Kerala's copra is minimum 65 per cent — at least 13 per cent higher than the neighbouring states.

But increasing competition from other oilseeds and the greater integration of markets mean that quality raw materials alone will not be enough. What Kerala's copra farmers need is business prowess. By grabbing the intiative and taking care of the larger role of business management, Kerafed might well give copra a better chance in the oilseeds sweepstakes. ■

K.G. KUMAR



Copra: waiting for a better chance

TYAGI MARKET

The heat is on

Twenty years ago it was mere farm land. Now, it has become a major fan market in north India, doing a whopping business of Rs.2 crore every summer. The Tyagis, an agricultural community, have become traders and manufacturers.

As people get ready to beat the summer heat, Tyagi Market begins to buzz with activity. Located in west Delhi, near what is now called the Kirti Nagar industrial area, this is the unorganised sector's threat to established fan companies. Interestingly, most Delhi residents are not even aware of the existence of this market, which sells a range of fans not only within the capital but also to neighbouring states like Rajasthan, Madhya Pradesh and Haryana. Small manufacturers offer approximately 200 different brand names, priced at Rs.250 to Rs.600, to essentially middle and lower middle class customers.

More than 400 small-scale units employing from four to 40 workers each in Tyagi Market, not only provide direct and indirect subsistence to over 100,000 people, but manufacture exhaust fans, pedestal fans and ceiling fans. Table fans are not usually touched since the main market, in the unorganised sector, is in Amritsar, Punjab.

Gradual change. The market has undergone a gradual change in recent years. While earlier established brand names like Polar, Usha, Rallifan etc, were openly stamped on the fans manufactured here, these days it is common to find brands like Railway, Rajan, Chand, Taj, Shahenshah. The small-time manufacturer has decided to use his own branding, more because of the strict counter measures taken by the organised sector than a marketing compulsion.

"We are vigilant and with the help of the police, our special department of trade mark enforcement raided about 150 small manufacturers last season who were duplicating our Usha brand," says S.K. Wadhwa, executive director of Usha International Ltd.

Though the profit margins at Tyagi Market have shrunk considerably, the manufacturer still earns a 5 per cent profit after deducting all expenses and the wholesaler about Rs.5 per piece. A retailer can pocket Rs.40 to Rs.60 depending on the customer, though earlier the figure was anything between Rs.100 and Rs.175.

People are attracted mainly by the bargain prices. "We cannot afford company fans. They are beyond our reach and moreover we also get a two-year guarantee and a five-year servicing facility," says Ramlal, a clerk in a government department who bought fans for his daughter's wedding. Rajpal Tyagi, president of the market association, says, "The only difference between our brands and big names like Polar, Usha, Khaitan, Rallifan, etc, is that they overplay their products and incur more expenses on advertisements. To meet this additional production cost, they increase the cost of their fans."

But Wadhwa disagrees. "Advertisement expenses is not the issue at all," he says. "The real issue is that they don't pay all their taxes and their quality is poor. For example, we use high quality copper wire, which they don't. We in the organised sector are feeling threatened by these small-scale units because their growth rate is about 20 per cent with a broad consumer base, while we are growing at a rate of less than 10 per cent."

Quality, as Wadhwa says, is a major issue since Tyagi Market manufacturers do not always use good components. Wadhwa's fears are justified, since a less discerning customer is attracted by the poor quality, and is not concerned with the poor manufacturing facilities.

Sleepless nights. Established manufacturers are spending sleepless nights over the fact that Tyagi Market falls under the purview of small-scale industries. The market does not pay excise, cuts on its provident fund expenditure by hiring daily wage labourers, does not boast of an advertising budget. One small-scale manufacturer claimed that the only difference between their product and that of bigger companies is that the latter pay more taxes. "The growth of the unorganised sector is due to the government policy of taxation. If the government increases the tax on raw materials instead of excise duty etc, these small-timers will fade away and we will have healthy competition," claim Usha officials.

Since Tyagi Market has now decided to sell its own brands, manufacturers have begun to be a little more quality-conscious. They realise they cannot hold their customers with low prices alone. Moreover, they will have to get out of their cocoon and take the organised sector head-on. This is already beginning to happen.

The future of these small-scale manufacturers will depend on their marketing strategy and the consumers they will attract. It will also depend on the heat generated in their war with established manufacturers.

■ RAJESH PROTHI



Subash Bhardwaj

Unknown brands of fans: low prices, but what quality?

SBI CAPITAL MARKETS

In the lead

A total of 264 companies raised an aggregate of Rs.3,384 crore through capital issues during 1990-91 as against 330 companies which raised Rs.5,868 crore in 1989-90, according to a study conducted by SBI Capital Markets Ltd (SBI Caps) recently. The study attributes the fall in the capital raised to the lower incidence of mega issues of Rs.500 crore plus. SBI Caps worked as lead managers or co-managers on 128 issues, aggregating Rs.2,611.37 crore during the year. This puts it at the top of the list of lead managers of capital issues.

Varying figures. According to the records of the Bombay Stock Exchange (BSE), however, a total of 291 companies entered the capital market with public or rights issues to raise a total of Rs.3,934.58 crore. S.M. Parande, executive director, SBI Caps, explains the variance in the SBI and the BSE figures. "When two merchant bankers are managing an issue, both are given 100 per cent credit for the same." This brings in an element of double count and accounts for the BSE total he says.

That there is keen competition between merchant bankers is evident from the sheer number of organisations in the fray vying for the lead manager/co-manager to the issue slot. In the public sector, the major players are SBI Capital Markets, ICICI, Canbank Financial Services Ltd (Canfina) while prominent merchant bankers/stock brokers like J.M. Financial Services, D.S.P. Financial Consultants are toppers in the private sector. The competition has kept the players on their toes and the public sector organisations are as, or even more, professional than those in the private sector.

Foreign banks have also established their own merchant banking divisions. In fact many companies and the investing public too, believe that if a Citibank or an ANZ Grindlays is managing an issue, the issue will prove to be profitable in the future.

This is because as, B.K. Achan, manager, merchant banking in Deustche Bank says, "We do not handle many issues but when we associate with a company it is for good. We would not like to get out once the public issue has been subscribed to." Achan prefers to call his bank's association with its corporate clients relationship-oriented rather than deal-oriented.

Most merchant bankers believe that good relations with customers is the key to continuous business. D.K. Dhagat, general manager, SBI Caps, lists their relationship with the customer as one of the strengths that have enabled SBI Caps reach the top in the buisness. The same sentiments are echoed by Canfina's S.C. Shetty and M.R. Mondkar, vice-president, J.M. Financial and Investment Consultancy Services Ltd, SBI Caps' nearest competitor.

Details of public issues

(Rs in crores)

Year ended	Shares	Debentures	Total
March 1987	1001.1	1559.7	2560.8
March 1988	1109.7	664.2	1773.9
March 1989	1010.3	2124.9	3135.2

Key questions. Buzz words aside, the key question is whether public sector issue managers use their lending muscle to elbow out the competition. SBI Caps and Canfina deny that they exploit their parent banks' connections to gather clients. Dhagat acknowledges only a tenuous link — many of SBI Caps' top men having been drawn from the bank's ranks, the contacts they developed earlier with customers obviously help a little.

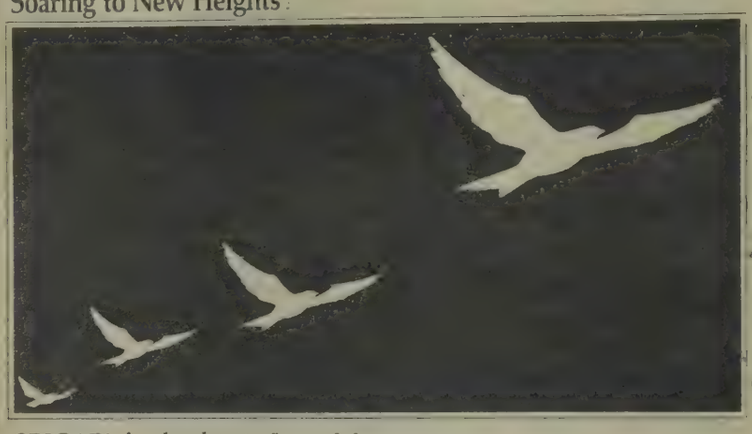
Parande says that since SBI Caps' formation in 1986, it has developed a culture very different from that prevalent in the parent banks. Apart from getting the best people in the bank to work for them, young talent from the IIM's was also recruited. According to Parande, SBI Caps has been selective in taking up assignments. This strategy has paid handsomely. Of 79 recent issues managed by SBI Caps, 75 were quoting above par.

However, SBI Caps also tops in the Securities and Exchange Board of India's (SEBI's) list of investor complaints. Parande acknowledges the dubious distinction while explaining that earlier the merchant banker's role was only to provide a financial structure for the client. But now, with the new stringent guidelines announced by SEBI, he expects SBI Caps' service will become streamlined. He also added that in the future, even registrars to issues will be licensed and this will reduce investor complaints.

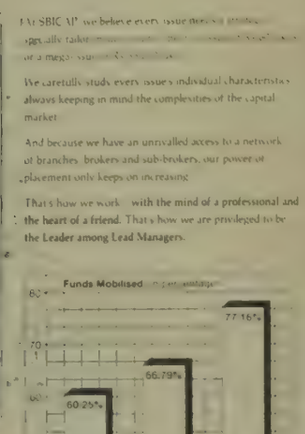
The financial institutions are facing an acute shortage of funds due to the foreign exchange crunch and the critical balance of payments position. In this situation, it will ease matters if money can be tapped from the public. Says Mondkar of J.M. Financial, "We have had three consecutively good monsoons and corporate performance on the industrial as well as agricultural fronts has been very good. The capital market should, therefore, continue to remain strong."

■ MANALI RESHAMWALA

Soaring to New Heights

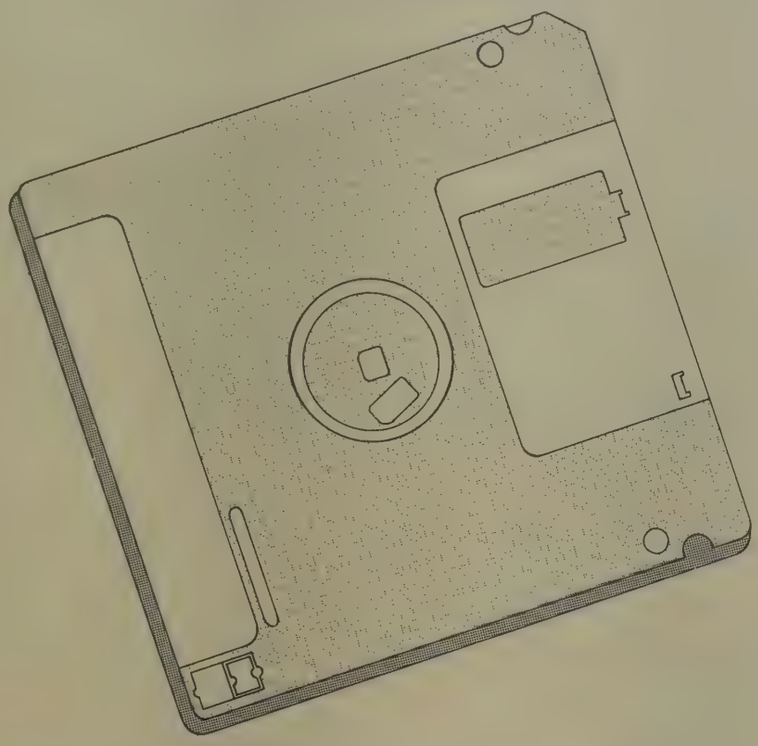


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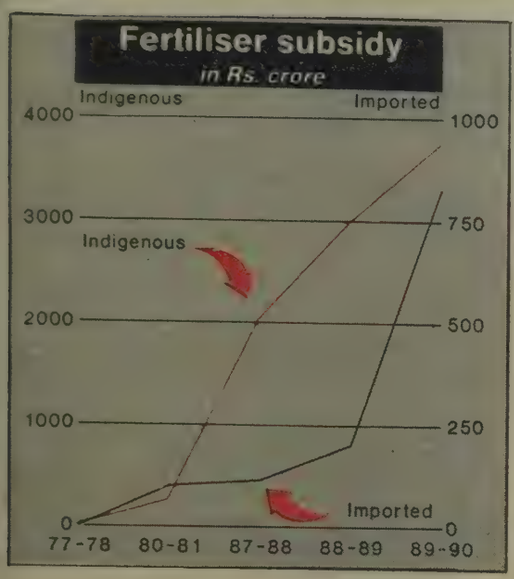
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Beating the budget deficit



A serious problem with the Indian economy is the budgetary deficit. Over the years the deficit has increased, mainly due to burgeoning government expenditure. Subsidies form a considerable part of this expenditure and curbing or reducing these subsidies would go a long way in reducing the budget deficit.

The subsidies are primarily on fertilisers, food and exports, all vital segments of the Indian economy. Of the three, fertiliser subsidies account for around 50 per cent of the total subsidy amount and it has experienced the maximum growth in the decade to 1989-90. From only Rs.505 crore in 1980-81, the fertiliser subsidy has increased to Rs.4,601 crore in 1989-90, an increase of nearly 28 per cent per annum.

The government introduced the fertiliser retention price and subsidy scheme in 1977 so that fertilisers would be available to farmers at reasonable prices. This in turn would boost agricultural production. There are incentives and disincentives built into the scheme whereby profitability will increase if the performance of units is higher than the normative capacity utilisation and the production levels assumed in the calculation of the retention prices. The reverse would be the case if the production levels were lower than targeted and if consumption of inputs was higher than the level assumed.

Rise in costs

Subsidy is also paid on imported fertilisers and is the difference between the expenditure incurred on import and the net realisation at the prices statutorily notified by the department of agriculture.

In absolute terms, indigenous subsidy has increased over the years from Rs.25 crore in 1977-78 to an estimated Rs.3,771 crore in 1988-89. The subsidy on imported fertilisers has fluctuated over the years from a low of Rs.55 crore in 1982-83 to a high of Rs.830 crore in 1989-90.

The substantial increase in the subsidy over the years is because the selling price of fertilisers has remained the same over the past ten years, while the cost of inputs — coal, gas, naphtha, rock phosphate, sulphur, ammonia, electricity, among other things — have gone up manifold. Also, the cost of setting up a fertiliser plant has gone up considerably. The capital costs of urea plants have increased from Rs.1,400 per tonne of installed capacity in the late sixties to nearly Rs.13,000 today.

If government expenditure has to be curbed to bring down the budget deficit, then the fertiliser subsidy will need to be seriously looked at. Of course, given the current socio-economic and political situation, no drastic cuts in fertiliser subsidy can be effected. A study by I.Z. Bhatty and S.P. Pal (reported in *The Economic Times*) shows how the fertiliser subsidy can be reduced by as much as 35 per cent. All it would take is an increase in fertiliser prices by 15 per cent, with a compensating increase in the procurement price of rice and wheat by 2.5 per cent and 2.6 per cent respectively. Further, it would require the transfer of 2 million tonnes of rice and wheat from the public distribution system to the open market and an increase of 1 per cent in the issue prices of rice and wheat. This in turn would reduce the budget deficit by as much as 20 per cent.

Improve efficiency

Another factor that could help in reducing the fertiliser subsidy is improving the efficiency of the fertiliser plants. It has been estimated that, on an average, the Indian fertiliser industry uses one-third more energy than the world industry average. One of the reasons for this is the low capacity utilisation.

Given the precarious balance of payments position and the declining foreign exchange reserves, there is an urgent need to conserve foreign exchange by restricting imports. In 1989-90, India imported nearly 31 lakh tonnes of fertiliser costing the exchequer anything between Rs.1,800 to Rs.2,000 crore. If domestic fertiliser production is to meet internal demand, then a radically new approach to farming will have to be brought about. Clearly, the economic situation in the country is now so critical that unless a more radical approach is adopted, there is always the possibility that the gains made over the last few years could well be reversed.

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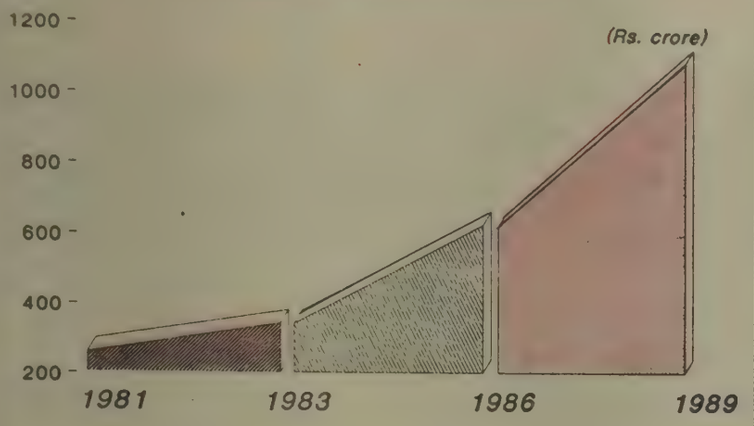
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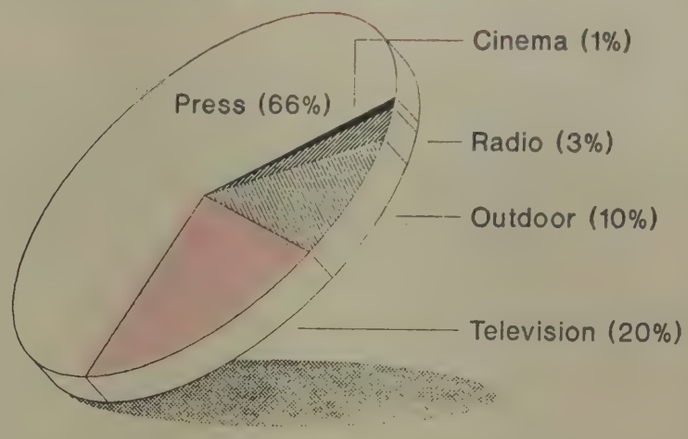
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Advertising Expenditure



The advertising industry has grown significantly in the 1980s, largely because of the growth of the middle class that has led to a consumer boom. Advertising expenditure between the period 1981-1989 grew at 20.2 per cent per annum. It is estimated that advertising expenditure in 1990 will be around Rs.1,700 crore, and rise to Rs.3,000 crore by the end of this decade.

Media shares



Media shares of advertising revenues: Share of TV advertising to total expenditure has gone up from 5 per cent in 1981 to 20 per cent in 1989, an increase of 44.3 per cent per annum. Nevertheless, press advertising still accounts for 66 per cent of total advertising.

Wholesale price index: The wholesale price index for all commodities was up 0.42 per cent during the month under review. The index for primary articles was up only marginally but fibres was up 11.5 per cent. For manufactured products, the index for basic heavy inorganic chemicals and metal products has increased by 3.8 per cent.

(1981-82 = 100)

	30 Mar '91	2 Mar '91	3 Mar '90	% change over month	% change over year
All commodities	191.2	190.4	171.1	0.42	11.74
Primary articles	196.4	195.9	166.9	0.25	17.67
Manufactured products	188.7	187.8	174.7	0.47	8.01

Money and banking (scheduled commercial banks): While aggregate deposits are up by 1.2 per cent during the month under review, bank credit has increased by a hefty 3.6 per cent. Food credit on the other hand is down 2.3 per cent.

(Rs crore)

	22 Mar '91	22 Feb '91	23 Mar '90	% change over month	% change over year
Broad money (M3)	2,63,954	2,60,597	2,29,654	1.28	14.93
Aggregate deposits	1,91,189	1,88,920	1,66,959	1.20	14.50
Bank credit	1,16,184	1,12,191	1,01,453	3.55	14.52
Food credit	4,506	4,613	2,006	−2.31	124.6
Credit/Deposit ratio	60.77	59.39	60.77		

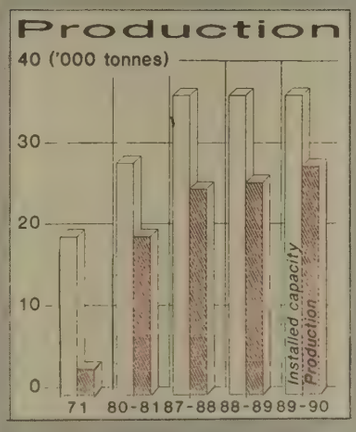
Bullion prices and stockmarket index: There is a continuing decline in the price of silver in recent months while that of gold has steadied. The Bombay stock exchange index is up 9.5 per cent in the month to 19 April 1991 reflecting good institutional support.

	19 April '91	20 Mar '91	23 April '90	% change over month	% change over year
Gold (Bombay)	3,598	3,540	3,425	1.63	5.05
Silver (Bombay)	6,683	6,703	6,767	−0.29	−1.24
BSE index (1978-79 = 100)	1,283.9	1,171.9	759.2	9.5	69.11

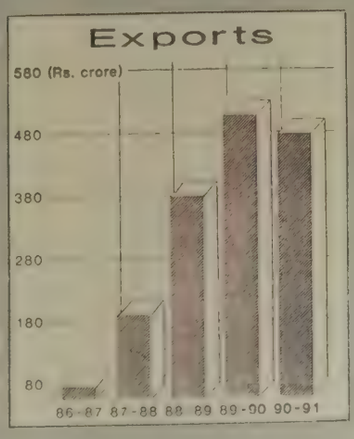
(Price of gold is in rupees per 10 gms and silver in rupees per kg)

Dyestuff industry

The dyestuff industry which went through a difficult patch in the early eighties is now doing brisk business. There are seven large companies producing dyestuffs in the private sector. The small-scale sector accounts for around 40 per cent of the total dyestuff production. The number of small-scale units has grown to more than 900 from around 150 a decade ago.



Production of dyestuffs has reached 28,000 tonnes in 1989-90, up 7.7 per cent over the previous year. Capacity utilisation is around 76 per cent and is expected to go up with increased production. It has been estimated that by the year 2000, domestic demand would be 61,110 tonnes and export demand 3,000 tonnes.



Exports have increased rapidly over the years and in 1989-90 crossed Rs.500 crore. Due to the Gulf crisis the target of Rs.850 crore for 1990-91 will not be realised. The major buyers are the US, the USSR, Germany and Italy. It has been estimated that by 1993 exports should cross Rs.1,000 crore.

ATCO Weighs



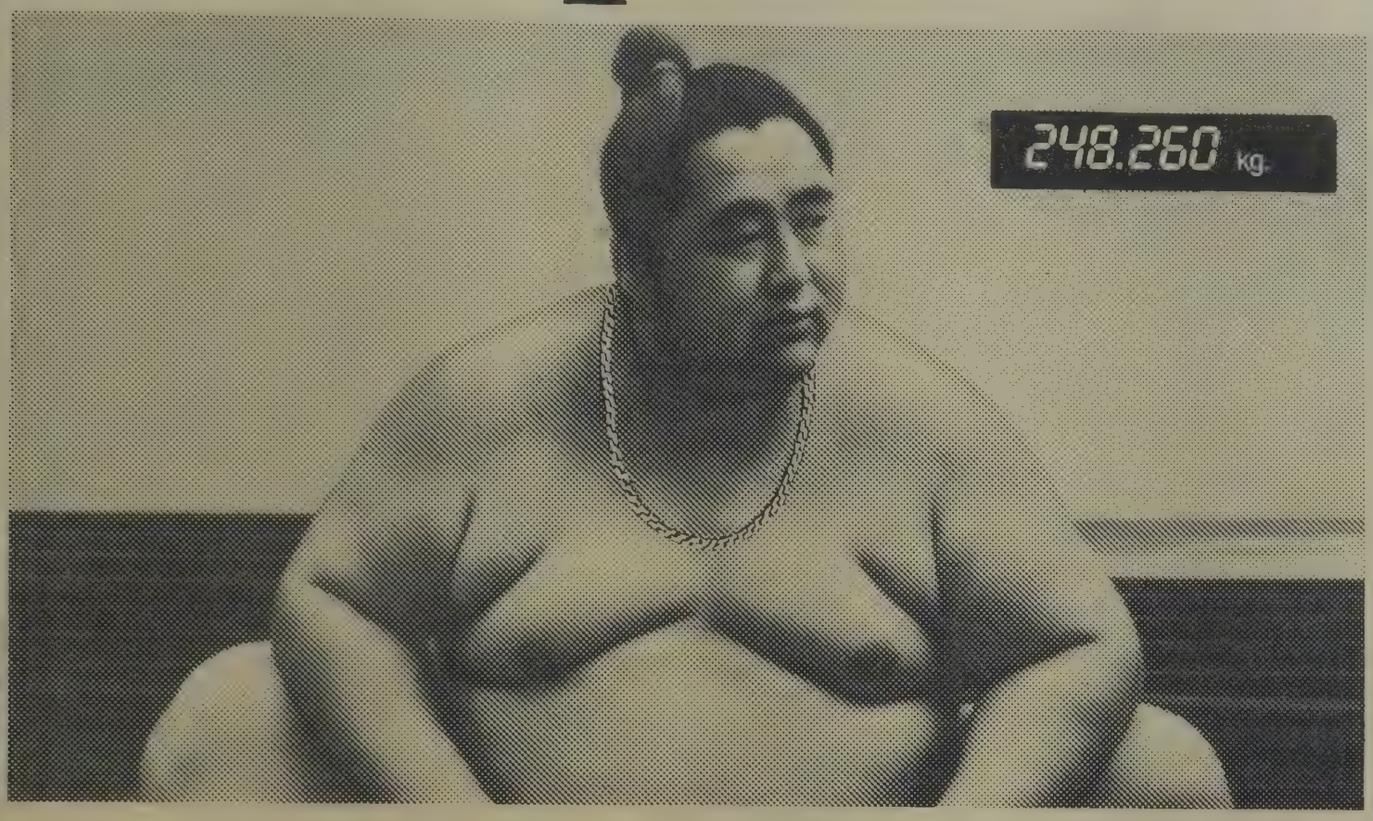
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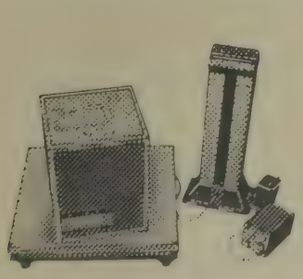
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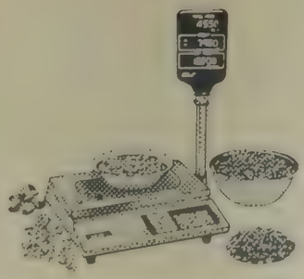
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Reason for optimism



AMIT MITRA

It seems obvious that communism has collapsed in practice. It is also becoming increasingly clear that the scraping of the barrel for remnants of (neo) Marxist theories in the University of Massachusetts at Amherst and The New School of Social Research, New York (yes, believe it or not, these *are* the remaining centres of Marxism in the world!), has yielded nothing of substance. The now famous young scholar Francis Fukuyama of the US may almost be right in saying that the history of the clash of ideologies which began in the 19th century has come to an end with the collapse of communism. Almost, because world attention has now shifted to another exciting debate, and one in which India may become the testing ground over this decade.

This debate involves a clash between two competing models of economic development. The first model is the one pioneered and followed by India since 1948 — the regime of licences, quotas, permits, price controls, highly graduated taxes, import substitution and an over valued currency. The second is the market based, export led, globally connected, private-ownership and private enterprise promoting model of development. Though this clash may appear less dramatic than that between communism and capitalism, it involves the lives of over 3 billion people living in the developing countries, that is, more than 60 per cent of the world's population. Furthermore, these models have many of the ingredients which characterise communism and capitalism.

Competing theories

For example, both models rely on competing bodies of economic theory, they extol different value patterns and they rely on different ethoses in society. Even more importantly, the supposed beneficiaries of the two models happen to come from two different groups in society — the bureaucrats and politicians for the government-driven alternative and business enterprises of all sizes for the market-driven option.

These competing systems have already locked horns in different parts of Asia and Latin America. Countries like Malaysia, Thailand, Indonesia, Brazil, Mexico are not merely debating policy questions, they are actively and frantically liberalising, privatising, exporting and attracting significant amounts of international capital to their countries. They have been rapidly shifting to the market alternative from the government-driven model they had followed earlier. And now comes Pakistan! Nawaz Sharif has just initiated a shift in the same direction.

However, India, in comparison, has been merely feeling the ripples of this clash of ideas and action. We are still talking our heads off on liberalisation and privatisation without doing much in reality. This luxury of "all talk and little action" will end by the mid-nineties and India may have no choice but to become the key testing ground for this international shift in the paradigm of economic development.

It is within this holistic perspective alone that we should debate economic policy changes in India. In other words, if we prescribe liberalisation and the like, we must also understand that we are taking on an entire socio-economic system that had been carefully nurtured over the last forty years. This nurturing took place through government propaganda, through our educational curriculum, through extolling of "nationalism" and "anti-Westernism", and even through our social and religious values. After all, many of our political leaders invoked the high "moral" ground of "a-materialism" and collective (as against private) interests; not to forget that the preamble to our Constitution defines India as a "..... sovereign, *Socialist*... republic".

Beneficiaries of the system

There is also the question of vested interests which may resist switching to the market alternative. We must recognise that such a switch would mean the loss of a vast amount of privileges currently enjoyed by the bureaucracy. Furthermore, it will mean the loss of the potential for raising money by our politicians who do so today primarily through their acquired right to offer or deny licences, permits and quotas to private businesses. Since our politicians privately justify their money raising activity by pointing to the faulty and unrealistic laws on electoral funding, we, as a nation, may have to find legitimate ways of raising funds for political campaigns before taking away the 'right' of politicians to arbi-

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The author is director, policy unit, of Business India *and former director, Centre for Asian Studies, Franklin & Marshal College, US*

trate over licences, quotas and permits. In any case, the powerful beneficiaries of the current system of government ownership and controls cannot be expected to give up their privileges very easily.

Another reality that we must keep in view while prescribing liberalisation is the *depth* to which the government owns and runs India's economy today. Baldev Raj Nayar of McGill University has organised the data on this issue effectively in his recent book *The Political Economy of India's Public Sector*. The data reveals that 48 of the 100 largest companies in India (by sales or income) are owned by the government and most shockingly, these 48 have cornered 93 per cent of the total paid up capital of the 100 top companies of the country. Furthermore, "the paid up capital of just one public sector enterprise (PSE) — Steel Authority of India Ltd (SAIL) — is more than three and half times that of the entire private sector put together among these 100 companies".

The hold of the government is almost striking in the area of employment in one of the key sectors of the economy. As much as 70 per cent of the jobs in the organised sector of India is in the hands of the government and it is this very sector which is expected to bring modernisation and technological innovation to India. Therefore, loosening the stranglehold of the government in the vital areas of capital and skilled labour employment will not be an easy task when we attempt to change course to the market alternatives.

The only alternative

Despite the difficulties and complexities of this task, there is concrete basis to presume that irrespective of who comes to political power in the Central and state governments of India, India will have no choice but to move towards a liberal economic regime by the mid-nineties. Preliminary evidence of this surfaced recently when the same Chandra Shekhar who had sworn all his life by the thoughts of Acharya Narendra Deva (the doctrinaire Left democratic socialist), pleasantly surprised his critics by actively promoting liberalisation once he occupied the Prime Minister's chair. Interestingly, it was the Chandra Shekhar government which proposed the partial divestment of the public sector holdings.

The story is no different at the state level either. The fire-eating Lohia Socialists like Laloo Prasad Yadav of Bihar and Mulayam Singh Yadav of UP came into office and within months began to speak of privatisation of PSEs. Of course, not to mention Jyoti Basu, the vociferous communist, who still speaks sympathetically of Stalin, but invites Indian big business and Western capital to West Bengal.

The reasoning behind the hypothesis that India will have no choice but to move to the market alternative by the mid-nineties is fourfold. The first relates to the long list of failures in the area of government ownership and government controls. These failures are now compounding at a fast pace and will begin to strain the system beyond manageable proportions. The second relates to the *collapse of the theoretical underpinnings* of the model of development followed by India since 1956. No system can survive for long without a viable body of supportive theory.

Major re-thinking required

The third argument relates to the international environment in which the India model took birth in the 1950s and sought inspiration and sustenance from other nations. We know that many of the ingredients of our five-year plans came from the Soviet Union. But Soviet communism has now collapsed and Soviet planning is being partly blamed for the economic failures of the Soviet system. Even more importantly, major rethinking has occurred in Western welfare states such as Britain and Sweden. These systems were once the main source of inspiration for the Indian model. And of course, a wave of liberalisation is sweeping through some of the very nations which had adopted India's model of development in the past. These major international changes just cannot leave our thinking unchanged.

Loosening the stranglehold of the government in the vital areas of capital and skilled labour employment will not be an easy task when we attempt to change course to the market alternatives

The fourth argument deals with the domestic scene, within India's private sector. There is a tremendous amount of commercial and entrepreneurial energy among the middle, small and even the tiny (slum level) business enterprises of India today. This rather new and multilayered drive to trade, produce, market and even innovate, could snow ball into a subtle but powerful socio-political force in the near future. Such a force, in turn, could become an important instrument in breaking the shackles of the pervasive controls over private enterprise.

Without denying the enormity of the task of shifting to a market-based model of development for India, we must now recognise that there are major forces at work nationally and internationally which are pushing our system to move to the liberal economic alternative. Yes, there is cause for optimism over the long run.

SUDHIR MULJI

Exchange rates, manifestoes



There is a delicious flavour of irony in the way the government alters the exchange rate between the rupee and other currencies. On 20 April, the Reserve Bank announced two changes: first, the Russian rouble has been upvalued to Rs.24.13 from the earlier rate of Rs.23.40 and second, on the same day the pound sterling has been downvalued from Rs.35.03 to Rs.34.84. If the value of a currency is meant to reflect the relative strength of its economy, these changes are not what one might expect.

Take the Soviet Union for example, according to Goskomstat, its official statistical agency, Gross National Product has declined by eight per cent and foreign trade has dropped by a massive 38 per cent. Nor is the future very much more hopeful. Investment has declined by 16 per cent and labour productivity by an astonishing nine per cent. According to The *Financial Times* of London "The agency blamed the drops on disruption to centrally planned links between enterprises, on unspecified 'imbalances' in the economy and on industrial unrest." With these statistics and the terrifying industrial problems that the Russians face, one might have thought that the currency of that country could not be upvalued against any other currency, not even a relatively weak currency like the Indian rupee. But to do it at the same time as an upvaluation against the pound which has recently been the strongest major currency in Europe, can only fill one with amazement.

According to protocol

Of course, once one looks into the details of these changes, one's worst suspicions are confirmed. The rupee-rouble rate is altered in accordance with a protocol that the Soviet and Indian governments signed in 1978, while the exchange rate against the pound is the application of a formula that I think was worked out at about the same time. No doubt both the protocol and the formula had an internal logic of their own at that time but what their relevance to the present circumstances is, requires more than an ordinary explanation.

The fact is that we have a rupee that is probably still grossly overvalued against the free currencies of the world, and I would suspect, probably undervalued against the currencies of Eastern Europe. I say probably because frankly there is no way of knowing what the true value of our currency is. However, the consequence of an overvaluation against the free currencies is that it pays everyone to increase imports from the West and use these commodities for exports to the Soviet Union. It is no surprise that our shrewd new commerce secretary has decided to monitor Soviet exports on a month-by-month basis rather than the quarterly basis his predecessors were accustomed to.

The true test of our political will to deregulate will depend on three or four specific steps: first, scrap FERA; second, disband the Planning Commission, a harmless enough body but still a symbol of things that have gone wrong; third, float the rupee and finally, abolish the system of administered prices

It is these sorts of weird outcomes of our present economic regime that convince me of the dangers of continuing to administer key prices rather than leave them to market forces, and as I have said previously, this must begin by floating the rupee. Unfortunately this rather simple naive solution will not appeal to the subtle minds that make these momentous decisions; so for them I have a devious solution; what we should do is to link the rupee to both the dollar and to the pound sterling, whichever is weaker for the day. Thus, if the pound drops against the dollar keep the rupee stable with the pound, and if the dollar drops against the pound, then keep the rupee stable with the dollar. In this way, we will achieve the rapid devaluation that our authorities are apparently seeking.

However, enough about exchange rates and all that, a liberaliser really should not complain about what is happening in India. It really looks as though the message about free markets is beginning to sink in. Who would have thought that both the Congress and the BJP would come out in their manifesto with promises of decontrol? Just a few years, or perhaps, even a few months ago, this would have been unthinkable.

No real conviction

But, perhaps, one should not be carried away; there is much to beware of in the promises of princes; for even a cursory reading of the manifestoes suggests that there is no real conviction among the writers of the manifestoes in the efficacy of markets; so far there is nothing more than just an acknowledgement that the present system does not work. The danger is therefore that when the time comes to take concrete steps to deregulate the economy, there will be those who will say 'not yet'.

There will be plenty of excuses for saying not yet; for instance, statistically it is about time we had a bad monsoon, and this would provide everyone with an opportunity to say not yet. The argument will run on the familiar grounds that the poor have to be protected, the public distribution system has to be improved and so on and so forth. India will lose another three or four years in this sort of nonsense.

The true test of our political will to deregulate will depend on three or four specific steps: first, scrap FERA; second, disband the Planning Commission, a harmless enough body but still a symbol of things that have gone wrong; third, float the rupee and finally, abolish the system of administered prices.

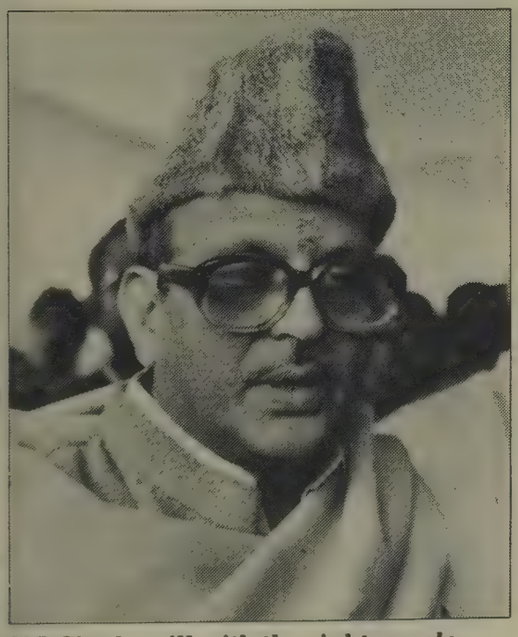
Perhaps my four tests will indicate how far we still have to go for a genuinely free economy, but the real problem is that a solution from the difficulties of a heavily regulated economy is not a partially regulated one but a totally free one. The danger, as many countries in Eastern Europe have discovered, lies in partial deregulation because that simply prolongs the agony without any hope of resolution. It should be noted that I have said nothing about taxes or even subsidies. These instruments are essential if the government is to control the change, but it is better by far that we know what we are paying for, rather than pay for it through a complex maze of administered prices.

Sloganing it out

The battle of slogans has begun. The political parties are so bankrupt intellectually that they have even resorted to stealing slogans. First, prime minister Chandra Shekhar got wind of the Congress (I) slogan on the integrity of India and preempted it by circulating thousands of posters with the caption 'Vote for India' under his picture. Then the Congress (I) borrowed the Communists' slogan aimed against BJP — *Ram nam japana, inko kursi ka hai sapna*. And now, the Janata Dal has picked up from BJP, their sworn enemy, a diatribe against the Congress (I) which they are using verbatim at all their speeches: "First they offered *garibi hatao*, then 'the government that works', and now 'stability'. But even the British had offered stability for 200 years."

Price of vacillation

An IAS officer of the 1957 batch, his name was being seriously considered for the position of cabinet secretary a few months



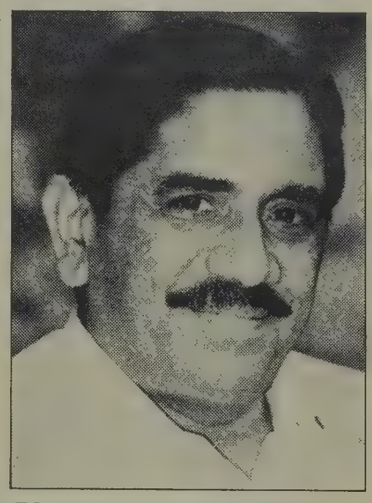
V.P.Singh: still with the right people

ago, when V.P. Singh was still the prime minister. Senior enough to fill the bill, he was competent, and what is more, a member of a backward community. He was already the chief secretary of Tamil Nadu and had a couple of years left to retire.

M.M. Rajendran, the chosen one, was not too keen to come to Delhi then. But now, probably because his benefactor, Karunanidhi is no longer chief minister of Tamil Nadu, he reconsidered his decision. Though, by then, the chance was lost. All he could manage now was the not much sought after post of secretary, social welfare.

Minister emboldened

As the industry portfolio is held by prime minister Chandra Shekhar, Udyog Bhavan is practically run by the minister of state in the PMO, Kamal Morarka, who advises the prime minister on the affairs of the department. Dasai Chaudhary, the Union deputy minister for industry is not very well known, nor is his presence felt outside Parliament. His role has been limited to answering questions there, which he has been doing without any protest for the last three months.



Dhawan: not an example

Now, suddenly, he seems to have shrugged off his docility. Last fortnight, when some files, sent to the prime minister, were returned to Udyog Bhavan without the PM's signature but the legend that the PM had agreed to the proposals contained in the files, Chaudhary became furious. He told senior officers of the ministry that they were welcome to implement the proposals in the files, but only at their own risk. Bureaucrats were quick to take the hint and immediately sent all the files back to the PMO for Chandra Shekhar's signature.

Visible embarrassment

A recent statement by prime minister, Chandra Shekhar, which has gone practically unnoticed is causing embarrassing moments for some public sector chiefs. The PM had observed recently that incompetent IAS officers are normally shunted off to public sector corporations.

Industrialist Hari Shankar Singhania, quoted this at a seminar on privatisation, this fortnight. But while making this observation, he did not realise that, with him on the dais, was Moosa Raza, chairman of Scope and the Trade Fair Authority of India. Raza happens to be an IAS officer and his embarrassment was clearly visible.

Saying the good word

What do former private secretaries to the prime minister do? Enter politics? Or so it would seem, from the example of Indira Gandhi's man Friday, R.K. Dhawan. But this is not always true. Vishwanath Pratap Singh's former private secretary H.P. Sharma, for example, is in Delhi these days, trying hard for a foreign posting.

Sharma, a promotee IAS officer from UP was actually abroad doing a stint when V.P. Singh summoned him to Delhi for assistance at the PMO. Apparently, he would like this dispensation back. V.P. Singh who still has friends in the government is putting in a good word for his erstwhile secretary.

Problems of passing

It can be called a problem of smooth transition. The finance ministry's budget department faces problems with several veteran budget makers making way for the new appointees. Several discrepancies that have crept into the budget documents went unnoticed in 1990-91 and, were consequently repeated this year.

The figures for income tax collections in the budget-at-a-glance document do not tally with those given in the annual financial statements of the Central government. The budget-at-a-glance has gross collection figures inclusive of the states' share of both income tax and customs duty.

The annual financial statements, on the other hand, have income tax presented net of states' share while customs duty remains inclusive of states' share. Either both ought to have state's share netted from them or both ought to have remained gross figures.

TAX COLLECTIONS

Lower than estimates

A fresh problem was added last week to the finance ministry's already lengthy list. Direct tax collections of the Central government were less by 18 per cent and total collections by 6 per cent than even the revised estimates presented by finance minister Yashwant Sinha, in March this year. Usually, the reverse occurs: actual collections finishing marginally ahead of the revised estimates (made in December).

Collections under each major head, customs (Rs.235 crore) and excise (Rs.67 crore), have been less than revised estimates but this was most remarkably noticed under corporate income where collections were short by Rs.1,149 crore. "Unexplainably so, for corporate performance has been reasonably healthy this year, corporate profits having grown by a good 30 per cent," says a finance ministry official.

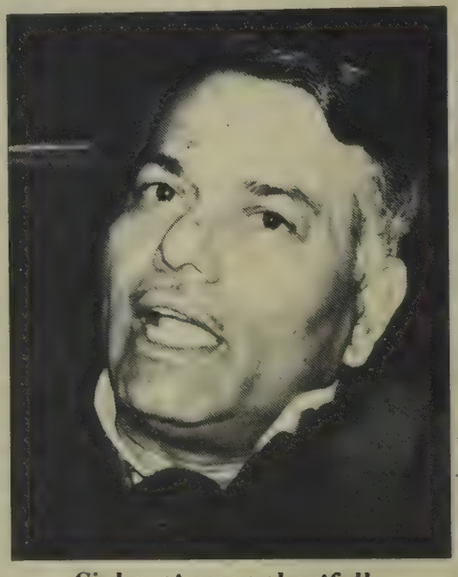
Expectations not realised

"Admittedly, certain expectations contained in the 1990-91 budget have not been realised," says revenue secretary P.K. Lahiri. And, in retrospect, the expectations that the finance ministry held were substantial, that direct tax collections would grow at 24 per cent in fiscal 1990-91. They (both income and corporation tax) finally did, but only by 10 per cent. "So we have merely witnessed a deceleration in the growth rate of revenue collection and not a decline in the quantum. Rather, collections this year have been the highest ever contrary to media reports," says Lahiri.

Total tax collections for fiscal 1990-91 finished at Rs.55,598 crore, down by Rs.3,318 crore from the revised estimates of Rs.58,916 crore (1989-90 — Rs.51,636 crore). Corporate tax finished at Rs.5,201 crore versus the revised estimates of Rs.6,350 crore (1989-90 — Rs.4,728.92 crore). "This is what is most puzzling," says an economist. Revised estimates of corporate tax were raised from the budget estimates of Rs.6,089 crore to Rs.6,350 crore.

And this is in spite of the finance ministry having the benefit of possessing figures of actual collections over 11 months. Says the economist, "Even in December 1990 there was a shortfall of Rs.1,000 crore in collections. Even if the finance ministry expected collections to improve over the next three months, an addition of Rs.1,000 crore was extremely optimistic." The finance ministry, in turn, says that its anticipations were built around the expected growth rates of Indian industry and the buoyant trend in corporate tax returns.

When Madhu Dandavate presented the 1990-91 budget he had made three alterations in the direct tax laws pertaining to corporations — suspending the investment allowance reserve as well as the investment deposit account, suspending the provisions of Section 115 J of the Income Tax Act on minimum profits and reducing tax rates by 10 per cent for all categories of companies (50 to 40 per cent for widely held public companies). The first two provisions were aimed at preventing large and profitable companies from entirely escaping the tax net (the zero tax companies) and the last to improve tax compliance.



Sinha: strange shortfall

Investment rebate is available to companies who invest in new projects or apportion funds for future investments up to a maximum of 20 per cent of gross profits. Using these provisions companies were reducing tax liabilities substantially, some even escaping the tax net entirely. By suspending the investment allowance reserve and the investment deposit account, the government blocked this escape route while simultaneously expecting to add Rs.800 crore to collections. This would only partially be offset by reduced liability from a reduction in tax rates.

Primarily, it is this that did not happen. "Even in February 1990, during the presentation of the budget, the Rs.800 crore figure seemed dubious," says a chartered accountant. This figure was not arrived at by any scientific method. Besides, it was the first occasion when the government was doing away with several provisions of the Income Tax Act and making it virtually impossible to predict with any certainty the effect of these on tax liability of companies, or, how they would plan to reduce future tax liability. "That would have involved a company by company analysis of accounts and it is unlikely that the finance ministry did this," says the same chartered accountant.

The finance ministry grossly overestimated the use of these provisions by companies. "Not many Indian companies rely on internal generation of funds for fresh investments, but rather on borrowed funds," says ASSOCHAM secretary general B.P. Gunaji. "So the number of companies using this provision is not as substantial as the finance ministry anticipated," he says.

The other major miscalculation, it appears, was the suspension of 115J of the Income Tax Act. "Advance payments under 115J are substantial," says FICCI secretary general, D.H. Pai Panandikar, "so the government must have lost substantial revenue by repealing this section."

Other notable contributors to the decline this year, the finance ministry claims, have been the returns of nationalised banks who contribute a good 40 per cent of corporate taxes. Their decline in profits has been substantial this year owing, partly to sickness, and partly to significant changes in accounting practices.

Otherwise, quite remarkably, collections for both excise and customs kept pace with targets even after some slowdown in industrial activity in the latter half of the year. This is despite the fuel crunch, Mandal, *mandir* and the forex squeeze. According to V. Sriram, ASSOCHAM's assistant secretary general, there is not much reason for cheer. "Consumer goods and the automobile industry that has been hurt significantly will affect excise collections in the following year as also customs collections," he says. That will, in all certainty, strain the fiscal deficit further compounding the problems for the finance ministry. ■

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THAPAR GROUP

Growing stronger

Lalit Mohan Thapar presides over one of the largest industrial houses in the country. Recently, he has embarked on an acquisition and modernisation drive that will make his empire even bigger and stronger

On 27 October 1995, Lalit Mohan Thapar will celebrate his 65th birthday by stepping down as chairman of the Thapar group's core holding company, KCT Brothers Ltd. As is well known in corporate circles, his father — Karam Chand Thapar — elevated him to the helm of KCT in 1962 ahead of his two elder brothers, Indar Mohan and Brij Mohan. But he also stipulated that on reaching the age of 65, he should make way for Indar Mohan's eldest son Vikram.



L.M. and M.M. Thapar: brothers in arms

Even after that happens, it is clear that Lalit Mohan Thapar will continue to play a key role in the Rs.2,500-crore group. When he took over as the head of the house of Thapar, it did not even figure in the top 15 industrial houses in the country; today it is rated at number five.

Lalit Thapar claims that top class professional managers have made this kind of growth possible. His two seniormost professional managers — Shekhar Datta, managing director of Greaves Cotton and Kewal Nohria, managing director of Crompton Greaves — point out that Thapar's presence is only required when the annual budget is being decided at their companies. Even at Ballarpur Industries, where he is directly in charge, Thapar says he lets the divisional heads make the routine, day-to-day decisions.

Thapar's practice vs theory

But talk of a purely professional approach is only good theory. In practice, it is clear that Thapar is closely involved with all the group companies, including Greaves Cotton and Crompton Greaves. Both Nohria and Datta are in Delhi at least once a month. And Thapar holds a quarterly meeting with other executives of these companies down to the level of general managers. Only Manni Mohan, the youngest Thapar brother, runs the extremely successful JCT Textiles and his other two ventures, JCT Fibre and JCT Electronics, independently, much like a sub-group within the group.

Lalit Thapar's nine-to-five schedule, the many hours he spends playing bridge and golf, his easy sense of humour, and his reputation of being something of a ladies' man sometimes tend to obscure the fact that he has a firm grip on the affairs of all group companies. But he closely tracks all developments and his managers are clear that he and only he sets the group's goals and policies.

In fact, Lalit Thapar knows Greaves Cotton and Crompton Greaves rather well. When he returned from the US with a degree in mechanical engineering, he began what would be a seven-year apprenticeship under N.M. Wagle, who had resigned from the ICS to run the two Bombay-based engineering and electricals companies.

So, by the time his father called him to Delhi to look after Ballarpur Industries — after Brij Mohan lost interest in the company and joined a moral rearmament group — Lalit Thapar had grasped the nature of the companies in Bombay. His education and his varied experience, as also his undoubted competence and interest, proved crucial when it was time for his father to decide on an heir.

After Karam Chand's death the brothers got different companies to look after. But there was no divisive split. They remained together and even today their companies function like those of one group, though of course the group is now much larger than it ever was before.

A damaging mantra

Nationalisation, the economic mantra of the government in the late sixties and early seventies, had a serious effect on the group. Lalit Thapar was able to retain Ballarpur, Greaves Cotton and Crompton. But Indar Mohan lost all his coal mining companies — they had been the backbone of the group in Lala Karam Chand's days. (Brij Mohan also lost his sugar companies to the state governments of Bihar and Uttar Pradesh. But

that was later, during the mid-eighties, after he had run them into the red.)

The group dealt with this setback well. Today Lalit Mohan's companies contribute about Rs.1,800 crore to the Rs.2,500 crore turnover of the entire group. Ballarpur, Greaves Cotton and Crompton Greaves are three of the four most important companies in the group. JCT, run by Manni Mohan, is the fourth. These four companies account for over 80 per cent of the group's turnover. Interestingly, though JCT, Crompton and Ballarpur together account for over 80 per cent of the group's gross profits, JCT has shown even greater growth in profitability than the flagship Ballarpur in the recent past. Corporate analysts are clear that much more will be heard from JCT in the near future.

Ballarpur Industries is a good indicator of Lalit Thapar's many successes as also his few, quite notable, failures. A well-diversified company, Ballarpur's two important divisions — the paper division and the chemicals division — are both clear examples of Lalit's business savvy. He set up the chemicals division in Karwar, Karnataka, a few years after he became Ballarpur's managing director. Currently, that division, a big producer of caustic soda, contributes over a fourth of the company's entire turnover. Similarly, he expanded the paper division's capacity from 7,000 tonnes per annum (tpa) to 1.5 lakh tpa, and at present this division contributes over half of the company's entire turnover.

With both the caustic soda and the paper industries doing well, the performance of these two divisions will, obviously, boost Ballarpur's performance for the year ended March 1991, as also for the next financial year.

Revival and profit

In fact, business in these two industries has been so good in the past three years (1988-1991), that Ballarpur has posted smart increases in turnover and net profit. For the year ended March 1990, turnover touched Rs.572.74 crore — an over Rs.200 crore increase over the turnover in 1987-88. And net profit, at Rs.40.79 crore, was eight times as much as it was three years ago.

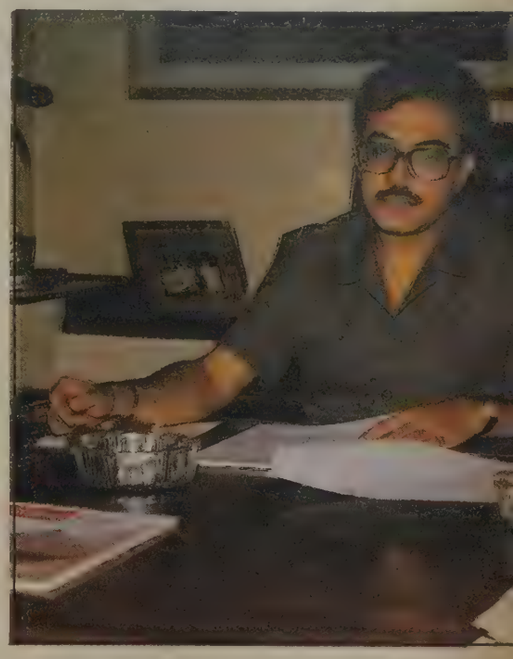
Price hikes in paper have contributed substantially to the bottomline, but so has the firming up of demand that has revived the entire industry. Though net profit increased by a factor of eight, earnings per share increased only six-fold to Rs.19.35 in 1990-91, because of a 1:2 bonus issue that increased equity to Rs.20.97 crore.

The company's performance in this financial year is expected to be even better. Turnover for the first six months of 1990-91 was Rs.310 crore and net profits were a mind-boggling Rs.28.79 crore.

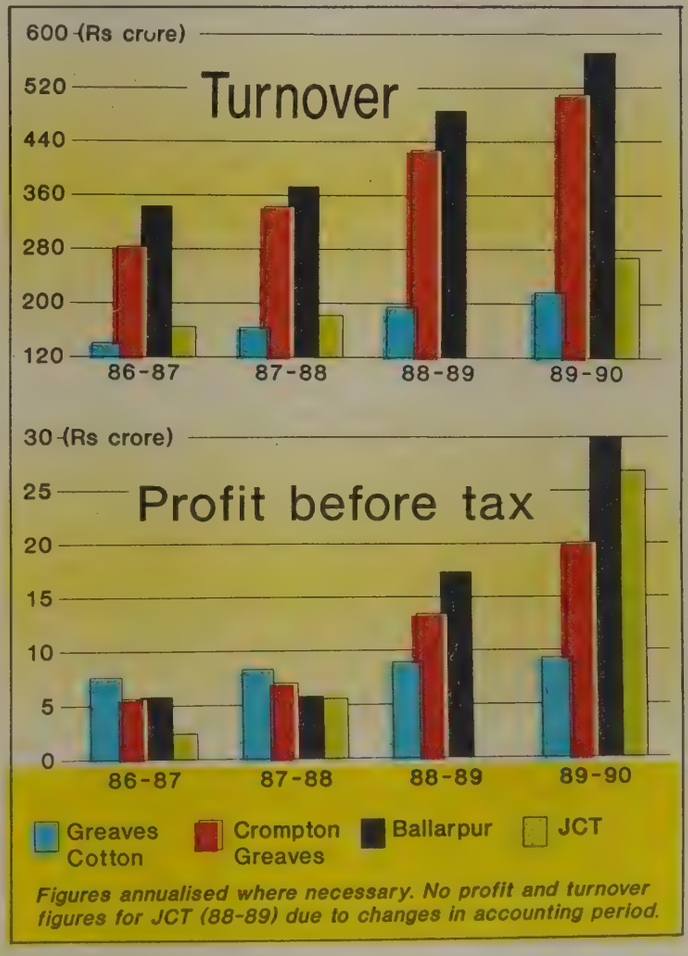
Cordial labour relations in the paper and chemicals divisions have played a role in this strong performance. These have been possible because Thapar has always been fair but tough with labour. In early 1988, he didn't hesitate to declare a lock-out at the Ballarpur Paper Mill that lasted for over a month after rivalry for the leadership of the workers union had made it impossible for the local management to negotiate a new wage agreement.

And in August 1987, when workers at the chemicals division in Karwar struck work he didn't buckle under the pressure. Well over a month passed before the strike was settled in October that year. (Even at Crompton Greaves, where the militant Datta Samant is the union leader, Thapar has had little trouble in the past four-five years. In fact, Thapar has been able to push Samant into delivering productivity increases years after year.)

Much of the strong performance, of course, is due to an aggressive acquisition and modernisation drive that has been especially strong in the past few years. The paper division has clearly benefited from this drive. Lalit Thapar has un-



Vikram Thapar: the heir apparent



Figures annualised where necessary. No profit and turnover figures for JCT (88-89) due to changes in accounting period.

dertaken the modernisation and expansion of his two oldest paper units — Ballarpur Paper and Shree Gopal Paper — that will increase their combined capacities from Rs.1.2 lakh tpa to Rs.1.6 lakh tpa by the end of this year. When this is done, there will also be considerable savings in raw material consumption.

Like the Lala

As far as his acquisition of sick paper units is concerned, Thapar seems to have taken a leaf out of his father's book. Lala Karam Chand, who began life as a coal dealer, built almost all of his empire by acquiring troubled companies. Lalit Thapar's acquisitions of Sewa Paper, Choudhar and Titagurh Paper Mill No.3, which are all based in Orissa; the Calcutta-based BCR Limited (which has a paper plant in Faridabad, Haryana); along with the extensible sack paper plant being set up in Ashti, Maharashtra, will increase the paper division's capacity by nearly 67,000 tpa once they all commence production.

As a consequence, the paper division will have about 10 per cent of the total functional capacity of the entire paper industry in the country. In fact, BIFR cited Ballarpur's control of such a large capacity as one of the reasons why it awarded the sick Rayalaseema Paper Mill to G.P. Goenka recently.

Another major reason was undoubtedly the tax benefits that would have accrued to Ballarpur Industries had the original Thapar proposal to merge Rayalaseema with Ballarpur been accepted. These benefits can be substantial. For example, the acquisition of the sick Sewa Paper will bring the tax liability of Ballarpur Industries as a whole down to almost zero for the financial year 1990-91.

The sick-growth route

The acquisition of sick paper units will obtain several other benefits for the paper division. Its capacity will be raised quickly at a much lower cost than what would have been incurred had new plants been set up. Also, the paper division will have assured sources of forest-based raw material for this additional capacity; something that is almost impossible for new paper units to arrange. Given all this, it is still clear that this route to growth is more a case of making a virtue out of necessity than a matter of choice. Stopped from growing rapidly because of MRTP provisions, this is the only way in which Thapar could make the best of a bad deal.

However, the tax breaks from the acquisitions and the substantial bargaining power the cash-rich Ballarpur possesses with the banks, mean that the acquisitions have little chance of damaging the company's financial position. In fact, Lalit Thapar has usually structured these deals so well that often just the money Ballarpur would have paid in taxes (had it not made the acquisition), is used to rehabilitate a unit. This increases the company's assets base and earning power at no real cost.

The acquisition of BCR Limited is a particularly apt example. The company had accumulated losses of Rs.2.61 crore as of 31 March 1989 against a paid-up capital of Rs.45 lakh. Lalit Thapar amalgamated the company with Ballarpur (at a conversion ratio of 20:1), and Ballarpur became eligible for income tax benefits to the tune of Rs.2 crore. Against this, Thapar proposed to modernise the acquired paper and technical gelatine units at a cost of Rs.1.11 crore. And he also derived additional benefits — a waiver of penal interest till 31 March 1991 — from the banks.

The chemicals division, unlike the paper division, has not seen a spate of acquisitions. But its caustic soda facilities are being modernised in an effort to save power and to increase productivity. And a 10,000 tpa aniline plant is planned to be set up in Andhra Pradesh in the next few years.

It's chemistry

Though the paper division has been unable to export its output, the chemicals division has managed to do so. Last year, this division began bulk exports of sulphuric acid to Thailand and its senior vice president, S.N. Tandon, is confident that the volume of these exports will double this year.

The division also converted its idle sodium tripolyphosphate tower to make detergents; 30,000 tpa will be made from next year, entirely for foreign markets. Though the division currently has orders only from the USSR, it is planning to sell the detergent to other buyers, including multinationals like Procter and Gamble.

The glass division of Ballarpur Industries is the other division — besides paper and chemicals — that is currently a focal point of Lalit Thapar's interest. He says he would like to specialise in paper, chemicals and glass because "these have unlimited possibilities". This view clearly prompted him to merge J.G. Glass, till recently an ailing subsidiary, with Ballarpur Industries.

By April 1987, J.G. Glass had accumulated losses of Rs.11 crore which had eroded almost the entire net worth. Thapar proposed an amalgamation with Ballarpur and pushed it through in 1989 (the conversion ratio was one Ballarpur share for every 20 J.G. Glass shares), but with effect from 1 July 1988.

Since then, the two old units in Pune and Rishikesh have been modernised with the technical assistance of Owens Illinois Inc, USA. And a new 200 tpa plant in Pondicherry (with Owens assistance) is scheduled to begin operations towards the end of this year. These three plants along with the fourth plant proposed to be set up at Banda in Uttar Pradesh will take the total turnover of the glass division to over Rs.100 crore in the next two-three years.

Pharmaceutical companies like Indian Drugs and Pharmaceuticals and Hindusthan Antibiotics have been J.G. Glass's biggest customers. The glass division stands to pick up more business from other pharmaceutical companies given this experience. And the growing soft drinks industry will also provide many opportunities. For example, the Pondicherry plant already has major orders from two Pepsi franchises though it has yet to commence production.

Just as J.G. Glass was in trouble, domestically, its joint venture company in



Bamboo stockyard at Ballarpur Paper: the

Malaysia, J.G. Containers (Malaysia), was also in the red for many years. It turned around only in 1989-90 and posted a modest net profit. But inadequate working capital affected its operations, and Ballarpur has been forced to consider injecting into it fresh equity capital to the tune of Malaysian $ 6 million.

Overstretched overseas

In fact, the great difficulties he has faced in exporting capital have affected most of Lalit Thapar's ventures abroad. But in the case of the Malaysian glass company, more trouble was caused because of the company's inability to repatriate money to India. The Enforcement Directorate slapped a Rs.25 lakh penalty on J.G. Glass and a Rs.1.5 lakh fine on one of the company's directors for alleged FERA violations. And Thapar's loss-making hotel in the Seychelles got him personally into trouble for the same reason. V.P. Singh, then finance minister in Rajiv Gandhi's cabinet, ordered his arrest for an alleged FERA violation.

Barring the Phoenix Paper Mill in Thailand, Thapar's ventures abroad — all made through Ballarpur Industries — have, in fact, been miserable failures. A paper mill in Indonesia, a glass company in Nigeria and a palm oil project in Malaysia are among these. Thapar candidly admits he made a mess of these ventures because he did not realise that he couldn't do business abroad in just the same way as he did in India. The Phoenix



heart of the business

Pulp and Paper Company Ltd — its full name — is a joint venture company where Thapar first got in as a minority shareholder. The upward trend in world pulp prices over the past five years have in fact caused it to maintain very high levels of production; capacity utilisation was a stupendous 160 per cent this year. While exact valuations maybe difficult, corporate analysts believe Thapar has multiplied his original stake in Phoenix well over ten times.

Shipping: high and dry

But Thapar's misreading of the ground realities abroad and at home caused him to make what even he considers to be the biggest mistake of his career: Ballarpur's foray into shipping. In the early eighties, with the shipping industry booming, he decided to acquire two ships; a bulk carrier and an edible oil carrier. He got the edible oil carrier because he thought the government's plans to import palm oil offered a profitable long-term business opportunity. Also, he had just then been given a licence by the Malaysian government to set up a palm oil refinery in Malaysia.

But both these factors which had seemed to adequately justify the oil carrier's acquisition turned out to be unrealistic. The Malaysian project failed to take off. And the entry of the State Trading Corporation into palm oil imports left no opportunities for the Thapar carrier.

Thapar then sold the oil carrier and resigned from the Indian National Shipowners Association. And the bulk carrier was pressed into service ferrying salt from Ballarpur's salt works in Singach to its caustic soda unit in Karwar.

Another more recent setback to Ballarpur Industries has been Kamal Morarka's decision to turn down its proposal to set up a joint venture with Dupont for the production of nylon 66. The project almost got the nod after Thapar had intensely lobbied members of the National Front government. However, before the cabinet committee on economic affairs could approve the proposal, the government toppled. Chandra Shekhar's government had initially decided to put all such decisions by the previous government on hold but eventually Morarka, who handles industrial affairs in the PMO, said no.

Corporate observers say there were several reasons why this happened. First, domestic manufacturers of nylon 6 fought hard to protect their market from



Karan Thapar: "Crompton and Greaves Cotton will be his babies"

being swamped — their average capacity of around 6000 tpa was less than half of the proposed plant's capacity of 14,000 tpa. Second, there were some objections to the plant because it would have been a second-hand one. Third, there was a serious concern that Thapar would be unable to meet his export commitments and hence the foreign exchange neutrality of the plant was perhaps more notional than actual. Finally, Lalit Thapar's supposed funding of the BJP could hardly have endeared him to the JD(S)!

What contacts?

But this setback showed up an embarrassing lack of viable political contacts. When questioned about this, Thapar says that unstable governments in the recent past have completely changed the rules of the game and he finds it increasingly difficult to play by them. (He was once reputed to have had very close links with the Congress(I), but he denies that this was ever the case.)

E.F. Kreuzberger, president, DuPont Far East Inc., doesn't appear overly concerned by this. "We picked the Thapars because of the compatibility of our corporate cultures," he says, "and that has not changed." He denies the rumours that Dupont is considering a more politically savvy collaborator for the nylon project. In fact, he claims several other joint projects with the Thapars are currently being considered.

Lalit Thapar, in fact, says that he has pursued the nylon 66 venture doggedly because he would eventually like access to Dupont's vast reservoir of technolo-

gies. And Dupont as well as several other large US Corporations have made it clear that they view the nylon 66 project as a test case.

Unlike some prominent Indian businessmen, Thapar feels foreign collaborations can be extremely beneficial if they are chosen carefully. However, he points out that the 40 per cent limit on the equity participation of foreign companies under present FERA regulations makes it next to impossible for Indian companies to get the technology tie-ups they need.

A portrait of paper

Ballarpur Industries thus paints a very human portrait of Lalit Thapar. Clearly, he understands the paper, chemicals and glass industries well; perhaps paper the best of them all. He feels the future of the paper industry is bright. He says, "There will be cyclical booms and slumps but overall the rise in literacy and the level of industrialisation will ensure a good future for paper. One major problem, however, will be that of raw materials. Captive plantations should be allowed as imported pulp is very expensive."

Just as clearly, his foreign ventures show up his inability to function in a different economic environment, given the constraints the Indian system places on all economic activities. Conversely, his ability to pick up sick units and revive them shows an uncanny grasp of the opportunities afforded by that very system.

This knack has increasingly been recognised by his peers. In 1987, Thapar became the alternate chairman of ASSOCHAM. In the next year, he became the president. During his tenure, ASSOCHAM became a high-profile organisation and the government began to hold it in much higher esteem than it had ever before. Also, during his tenure, ASSOCHAM and FICCI resolved a year-long dispute and signed an MoU in which they agreed to take a joint approach to joint business councils. Thapar thus presided over ASSOCHAM at a very crucial juncture. Some association officials claim Thapar did little to initiate the events that took place. But he would probably argue that by taking a hands-off approach he made the greatest contribution; he allowed competent people to make things happen.

That is certainly what he feels about his contribution to Greaves Cotton and Crompton Greaves. These two Bombay-based companies have also performed well, especially in the past four-five years.

Greaves and Greaves' growth

Under Kewal Nohria, Crompton's turnover has grown by 18 per cent a year for the past five years while net profits have grown at an average annual rate of 25 per cent. For 1989-90, turnover stood at Rs.510 crore while net profit was Rs.13.06 crore, giving an EPS of Rs.67. For 1990-91, the turnover is expected to be around Rs.600 crore with a net profit of around Rs.25 crore.

Greaves Cotton, under Shekhar Datta, has grown too but at half the rate of Crompton. For 1989-90 it posted a turnover of Rs.217 crore and a profit before tax of Rs.9.3 crore. For 1990-91 the pre-tax profit is expected to be Rs.11 crore. Greaves Cotton is the older of these two companies but it has remained smaller in size because for years it worked as a managing agency. Today its original investment of Rs.1.27 crore in Crompton Greaves, its associate company, is worth nearly Rs.70 crore. Greaves Cotton is also a manufacturer of engineering items but Crompton is the largest private electricals engineering company in the country today.

The nature of their activities however causes their margins to be very low; their gross margins, for example, have been around 5 per cent in the recent past, at a time when they have been doing quite well. Given this, control strategies are important for both consolidation and growth of these companies.

Nohria has consolidated Crompton's main electricals product-line — transformers, circuit-breakers, load-break switches, motors, alternators and electric fans — and diversified into electronics with careful and modest levels of investment. Some of these forays have been much less than successful. His attempt to enter the consumer durables market — with televisions, for example — was disastrous. And his push button telephones have not done well enough to push Crompton into the top three players in the market.

But electronics products accounted for 6 per cent of the turnover in 1989-90 and are expected to account for a fourth of

How they stack up

L.M. THAPAR	MAJOR COS: Ballarpur Industries, Crompton Greaves, Greaves Cotton; SUBSIDIARIES: 32; ASSOCIATE COS: 9; OVERSEAS VENTURES: 8
M.M. THAPAR	MAJOR COS: JCT Textiles, JCT Fibres, JCT Electronics; SUBSIDIARIES: 3; ASSOCIATE COS: 2; OVERSEAS VENTURE: 1
I.M. THAPAR	MAJOR CO: KCT (COAL SALES) LTD; SUBSIDIARY: 1
B.M. THAPAR	MAJOR COS: None. Handles Bharat Starch and Chemicals, English (India) Clays Ltd, both subsidiaries of Ballarpur Industries

"There is more than enough"

Lalit Mohan Thapar, *head of the Rs.2,500 crore Thapar group, talks to* Business India's *Feroz Ahmed about how his empire has grown and about what succession plans he has for his nephews*

Since KCT Brothers is the core holding company of the group, how will your retirement from it affect your status?

Not at all. Our strength is in the fact that we Thapar brothers have never looked at the shareholding pattern as the basis for control.

Despite what you say, control of KCT is surely crucial from the point of view of succession...

I and my three brothers hold equal number of KCT shares, which amounts to slightly more than half of the total equity. The rest is held by our sisters. How my brothers eventually divide their shares among their sons is up to them.

But I always tell my nephews that the day they start looking at the shareholdings of the companies they are responsible for, the group will head for disaster.

Will your status in Ballarpur — which controls Greaves Cotton which in turn controls Crompton Greaves — change after you retire from KCT?

Well, I suppose if my nephew Vikram, who will then be managing director of

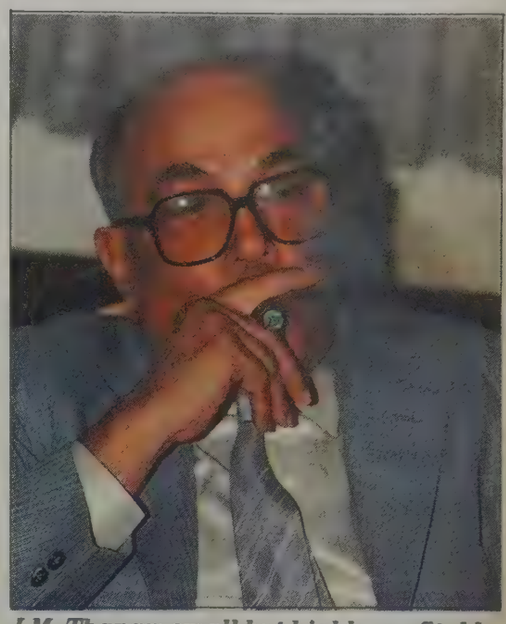
the company's targeted Rs.2,000 crore turnover by the year 2000. For the present, good labour relations, increased levels of training and effective cost-control measures will help the company maintain a 18 per cent growth rate in turnover per year.

Group ethos

Datta has attempted to consolidate Greaves Cotton's activities too, by consciously trying to bring a sense of cohesion between the many associate companies and subsidiaries. Many of these have long been poor performers, but some have now begun to turn around. However, Greaves Semiconductors and Greaves Chitaram — two sick units Greaves took over about eight years ago — posted significant losses in 1989-90. As of 31 March 1990, Greaves Cotton's loans and advances to its subsidiaries totalled Rs.15 crore — of these Rs.9.3 crore arose in the past five years.

Datta has also added new products to his product-line. Portable diesel gensets which will compete with the petrol sets made by Shriram Honda and Birla Honda have just been launched. Plans are also afoot to develop a diesel engine for three-wheelers.

By far the most important project on Datta's plate is the proposed Paradip naphtha cracker for which Greaves Cotton is the lead company in the Thapar group. The Thapars have revived a low-interest, rupee-denominated financial and technical assistance package they first worked out with the Soviets in 1988 when they bid (unsuccessfully) for the Saleempur Aromatics project. Datta points out that Technochim, the Soviet collaborator, will accept most payments in rupees. And the cost of capital goods imported from the West will be made good by exports of petrogoods from the cracker.



I.M. Thapar: small but highly profitable holdings.

These three companies — Ballarpur Industries, Crompton Greaves and Greaves Cotton — are the three major companies under Lalit Thapar's control. Their greatly improved performance in the past few years has contributed significantly to the rise in the overall performance of the Thapar group. So has their emphasis on modernisation and diversification. But if there is at all an overall strategy for the group it is this: consolidation of core products and a thrust into new areas whereas the margins are not so tight; where there is scope for quick growth; and where relatively high value-addition is possible.

Shoes and tuna?

However, the overall strategy of integration with diversification is marred by some seemingly bizarre diversifications. Ballarpur's venture into shoes and leather for example, and Greaves Cotton's proposed move into deep-sea tuna fishing! But these moves have been forced on to the group by its need to earn foreign exchange at least to the extent of matching its exports and its imports. Sadly, for various reasons most of its core products

KCT, got the shareholders together and decided to kick me out, he could do so (chuckles). But I don't think he would quite want to do that.

What about the other young Thapars; what will they do?

There is more than enough for each of them. In fact, my complaint against my brothers is that they have not produced enough young Thapars!

What were the reasons behind your companies growing so large?

I think this happened because we professionalised our managements quite rapidly.

How hopeful are you of bagging the Paradip naphtha cracker, given your cordial relations with the Orissa chief minister Biju Patnaik?

Biju Patnaik said to me the other day, "Now, your problem is getting the licence from Delhi." (laughs)

Have licences always been a problem? What difference did the MRTP Act make, for example, to the group's growth?

It delayed things. But, MRTP is only one hurdle. There are a host of others from the government's side. Doing business here is like running in the biggest obstacle race in the world.

Have you taken over Pioneer (the newspaper group) to gain some 'leverage' with politicians?

Not consciously (grins).

What kind of control are you going to have over the editorial policy of your paper?

Let me tell you what Vinod Mehta (the new editor of *Pioneer*) told me: "I know it's your paper and I've no illusions about it. The newspaper should and will reflect the owner's policy."

On the whole, why have you not been able to duplicate your domestic success abroad?

We made a fundamental mistake in our foreign projects in the beginning: we thought that we could do business much the same way as we did in India. In Indonesia, for example, we put up a 40 tonne per day paper mill when there was no paper industry in that country. But later, several international-size paper mills sprang up there and we got into hot water.

Why didn't you expand your capacity?

Well, you can't export money from here, you can only export plant and machinery and so on... so we have not been able to do what we would have liked to do.

What are your plans for Ballarpur?

If I had the choice, and if there were no government interference and barriers, I would like to specialise in two or three areas: paper, chemicals and glass. These have unlimited opportunities. Right now, I am being forced to diversify into unrelated areas where I have no business to be in, only because I must match my imports with my exports. Still, I hope that Ballarpur will be a Rs.2,000 crore company by the turn of the century. We can rely on inflation to contribute substantially to that.

are not really excellent export candidates. Given this, the group appears to have had no option but to enter areas where, as Lalit Thapar acknowledges, it has no business to be in.

The group's growth has perhaps also been affected by Lalit Thapar's insistence on holding at least 40 per cent of the equity in each of his companies. The fairly low equity bases of the companies have also meant that much of the recent spurt in turnover was only made possible by adding on debt; a situation that could be dangerous in an economic downturn. The low amounts of floating stock — Ballarpur, the most actively traded share, has a floating stock of only 20 per cent — along with the stable holding patterns has meant that the spur of shareholders' expectations has not been a significant issue in galvanising the companies into action.

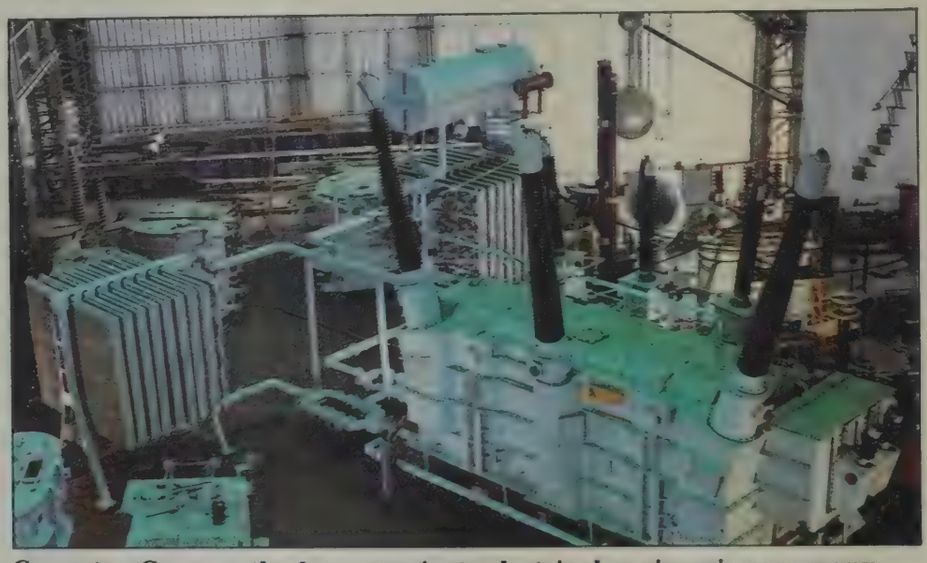
Thus, many factors have conspired to keep these companies from attaining really high rates of growth. But this does not detract from what they have achieved so far, especially recently.

Of the four brothers, Lalit Mohan is without any doubt the most successful. He has built such an abiding reputation for takeovers, albeit on a smaller scale than those by some other businessmen, that almost every merchant bank takes deals to him. Those who haven't done so, would clearly like to. Says A.P. Rao, managing director, Canbank Financial Services, "We have not specifically approached the Thapars for mergers and acquisitions, but we have done other business with them and we would be happy to be associated with them in future." In fact, Lalit Thapar has a full-fledged mergers and acquisitions department, that continually scans the environment for suitable opportunities.

Manni Mohan's inheritance

Indar Mohan runs KCT (Coal Sales) Ltd, a small but extremely profitable company (1989-90 turnover Rs.150 crore, before-tax profit Rs.35 crore) and has several other interests. But the youngest brother, Manni Mohan is the most successful after Lalit Mohan. He has turned his inheritance, Jagatjit Cotton Textile Mills, into one of India's outstanding integrated textile mills (1990-91 turnover Rs.254 crore). And in the recent past he has launched JCT Electronics and JCT Fibre which together have a turnover of Rs.250 crore.

JCT Textiles was one of the few composite mills that was unaffected by the most recent recession in the country. This was possible because Manni Mohan had been continually upgrading his plant and machinery. In the past four years, he has spent nearly Rs.20 crore on modernisation and the upturn in the industry has caused it to post the highest improvement in profitability of all the companies in the Thapar group.



Crompton Greaves: the largest private electrical engineering company

Manni Mohan's venture into nylon filament yarn came later than that of others in the industry. But in recent years, turnover from these operations has almost equalled that from textiles. And even the polyester staple fibre subsidiary has not been affected by the general slump, because 40 per cent of its output is used in-house and 20 per cent is exported to JCT's joint venture company in Malaysia, Chempka Negri Textile Mills.

Manni Mohan's other venture, JCT Electronics, makes colour television tubes. It is currently the largest exporter of all the companies in the group. Its exports stood at Rs.55 crore for the year 1989-90 and comprised about half of the total group exports for that year.

Its import-intensive nature — it imports 70-80 per cent of its components — has however put the company under some pressure recently. But it is still in very good shape compared to other units in the consumer electronics industry. Manni Mohan's ventures, in fact, deserve individual discussion. Both because they are so successful and because he runs them independently though he has not split from the family.

The nephews also rise

Interestingly, the Thapar group is one group in which the next generation has been accommodated successfully. Manni's two sons, Arjun and Samir, will continue to do what they are already doing — Arjun runs JCT Electronics and Samir is a director of JCT Textiles. Indar Mohan's son Vikram will not only become chairman of KCT Brothers but he will also look after Ballarpur and KCT (Coal Sales) Ltd. Brij Mohan's two sons, Karan and Gautam, will also be given plum slots. Karan, who has been Lalit Thapar's understudy for years, will handle both Greaves Cotton and Crompton Greaves. And Gautam will be given Ballarpur's fibre operations to look after.

Perhaps few business groups in India have made such a smooth transition. It is well known that most splits that have occurred in the Indian corporate world did so when it was time for the next generation to take over. The Thapar group did not split after the death of its founder, Lala Karam Chand. It remained a cohesive whole and was run as a group. With the present transition having been more than trouble free, prospects of the group staying together in future are bright. Even the nephews must know by now that staying together gives them all more resources and strengths to command than other fractured groups are able to. Perhaps in all this an important element has been the fact that Lalit Thapar is a bachelor and has no sons to favour.

Lalit Mohan, the playboy turned patriarch, has been more than fair to all his nephews. However, how they will shape up remains to be seen. But, as N.M. Wagle puts it, with a teacher's obvious pride in a brilliant former pupil, they couldn't do better than learn it all from Lalit Mohan Thapar, chapter and verse.

■ FEROZ AHMED

Into South Africa

India's political and economic problems, the war in the Gulf and the events that led to it, have all occupied our attention. We have perhaps not given due consideration to major changes that have been taking place in a country with which good relations could be mutually beneficial, namely South Africa.

India has very justifiably and proudly led the charge all these years against the abominable system — apartheid. Yet, as we have been unmoved by the rejection of an imported economic model — socialist central planning — by the very countries that created that model, when apartheid has started crumbling India has merely stopped grumbling. It can do much more. If we are not to be the last country in the world to do so, India must immediately step forward and publicly recognise the revolutionary changes sweeping across South Africa, of which the release of Nelson Mandela and the scrapping of desegregation acts are just two.

Apartheid abandoned

The plain truth is that South Africa is no longer a leper to the rest of the world. It has all but abandoned its "grotesque experiment in social engineering", as the *Financial Times* of London put it. The South African government has just tabled five draft legislations, the most important of which aims at scrapping all laws enforcing racial discrimination in residential areas and land ownership.

This effectively repeals the notorious Group Areas Act (which segregates urban suburbs); the Land Acts of 1913 and 1936 (that restrict black farming to 13 per cent of the country); and the Black Communities Development Act, which provided for the establishment of segregated black townships.

In fact, on 20 February this year, the South African government issued instructions that pending the passing of these legislations before the Parliament session ends in May this year, no further action will be taken against offenses registered under these laws and no further offenses will be registered.

Impressed by South Africa's stunning moves to tear down barriers of hate, the European Community is considering lifting sanctions before this summer is out. "The British and the Australians say they will press their colleagues in the Commonwealth to abandon sanctions, especially on sport" reported *The Economist* in early February. A French parliamentary delegation, after meeting leaders of various communities in South Africa this February, reported that France will probably lift sanctions in June.

Back among nations

In the first two months of this year, delegations from at least 21 nations entered South Africa. These included Zaire, Nigeria, Morocco and Angola from Africa; the Soviet Union, Hungary, Yugoslavia, Czechoslovakia, Poland and Bulgaria from Eastern Europe and South Korea, Japan, Malaysia, and China from Asia.

State president F. W. de Klerk has made changes in a year which would have been unthinkable even two years ago. If we recognise these to be positive, then India too should give encouragement so that a good rapport — for purely economic reasons — can be built.

The plain truth is that South Africa is no longer a leper to the rest of the world. It has all but abandoned its "grotesque experiment in social engineering"

South Africa's economy accounts for almost 20 per cent of Africa's GNP and 40 per cent of its industrial production. It is a first world country in a third world continent. South Africa's economy has suffered inflation and stagnation during recent years due to the depressed world price of gold and the more severe of the sanctions. Still, with its enormous technological and infrastructural base it remains the only hope for salvaging the economies of the rest of Africa.

Recognising this, talks are already under way between southern African nations such as Namibia, Zimbabwe, Mozambique, Botswana and Angola (now that the Cubans are leaving it) to join together with South Africa into an economic confederation of Southern African states. There is no doubt which country will be the leader of such a confederation of more than 100 million people.

The African National Congress has not officially given up armed struggle against white rule and some of its senior members still claim they will impose communism in an ANC-ruled South Africa. However, the leaders reveal that this is their public stand: privately the leadership of the ANC is deeply concerned about maintaining the economic growth of South Africa.

Towards a strong economy

They do not desire creating conditions leading to political instability and would like to encourage foreign investment and see the generation of enough wealth to redress the social wrongs of centuries. Neither the ANC nor any other black political party want South Africa to go the way of some other African nations that have seen their economies ruined in the last 15 years.

Indian companies working in partnership with South African companies could gain new access to the rest of Africa, not only for exports of our goods and services but also for investment. Further opportunities will arise in South Africa itself as it strives to raise the living standards of its black people in areas such as low-cost housing. India could benefit from the mining and mineral technologies developed by South Africa, as it could from South Africa's immense resources of raw materials if special trading relationships are established.

It is more than likely that a post-sanctions South Africa will enjoy special ties with the EEC and North America. Even so, India and the southern African states, separated by only the Indian Ocean, could be natural economic allies.

As South Africa relegates the evil of apartheid to history books, so should we place our just abhorrence of it firmly in the past and begin building our bridges with the diverse political groups in South Africa while further strengthening our very cordial relationship with the ANC. Let this be done through positive statements from our leaders, cultural exchanges, exchange visits of businessmen and free travel between the two countries. The spontaneous chemistry among the peoples, catalysed by common interest, will do the rest.

■ RAJESH V. SHAH

The author is the executive director of Mukand Ltd. He attended a conference addressed by leaders of government, business and major political parties in Cape Town late February this year



$ 18m DEC contract for Indian company

By a staff reporter

Khaleej Times

INDIA'S National Thermal Power Corporation (NTPC), has been awarded a $ 18 million contract by the Dubai Electricity Company (DEC), for erecting a 400k V transmission line.

The proposed transmission line is from DEC's 'G' station at Jebel Ali to Najma and Al Mushrif. The project will also include uprating the existing line between Al Mushrif and Najma, from 132k V double circuit to 400k V single circuit and other associated works.

The consultants for the project are Kennedy and Donkins of UK under whose supervision the job will be executed. Additional optional works, valued at about $ 1.5 million, will be confirmed subsequently during the course of the contract.

KEC International of India will be the principal sub-contractor to NTPC for the supply and erection of [illegible] stringing of lines and

The company is the second largest transmission line tower manufacturer in the world, having its own in-house tower testing facility up to 1,000k V.

NTPC (which is fully owned by the Government of India and has a paid-up capital equivalent to Dh 16 billion) will depute its project management team to Dubai shortly, to commence the job immediately.

The first line has to be commissioned by June 1992, to cater to the summer load. The entire project is contracted till the summer of 1993.

The $ 18 million contract is the first major Indian involvement in a Dubai project in recent months and, according to Indian sources, underlies the growing ties between the two countries. It also reflects the confidence that India has in Dubai's future growth.

The consultancy division of NTPC — which will be executing the project — was established

Why did Dubai Electricity Company choose NTPC out of 11 international giants for its 400 kV transmission line project?

When it comes to consultancy on power projects and power systems, National Thermal Power Corporation provides a comprehensive range of services that expand from preliminary ideas to the final implementation. Encompassing feasibility reports, cost engineering, environmental impact studies, detailed engineering, procurement, quality assurance and inspection, erection, commissioning, plant O&M and power evacuation.

A predominant entity on India's power scene, NTPC has bagged the challenging assignment of a 400 kV transmission line project from Dubai Electricity Company, Dubai, with a total contract value of US $ 17.7 million. It is NTPC's major breakthrough in the international market against stiff competition from 11 international giants who applied for the work. KEC International of India will be the principal sub-contractor to NTPC for the supply and erection of the towers, stringing of lines and accessories.

The long list of prestigious organisations that have reposed confidence in NTPC includes Bombay Suburban Electricity Supply Co. for its 2 x 250 MW plant at Dahanu, EGAT (Thailand) for its 230 kV transmission line, ASEA (Sweden) for design services to Hydro-Quebec (Canada), DESU for its 400 kV transmission system, Maharashtra State Electricity Board for its HVDC system, DVC for its 4 x 210 MW Maithon Project, BALCO for its 4 x 67.5 MW Captive Power Plant, Hydro Electric Commission, Tasmania, Australia for inspection of auto transformers, SAIL for combined cycle 60 MW Captive Power Plant and many more.

NTPC received full cooperation from prime financial institutions like EXIM Bank of India, Export Credit Guarantee Corporation of India and Canara Bank, India in the form of expert advice and support.

NTPC over the years has accumulated a reservoir of experience, which it seeks to share in the form of turnkey execution of projects as well as consultancy services in specific areas.

NTPC

नेशनल थर्मल पावर कार्पोरेशन

National Thermal Power Corporation Ltd.

(A Govt. of India Enterprise)

Consultancy Wing ■ NTPC Square ■ 62-69, Nehru Place

New Delhi-110 019. Tel.: 6419681, 6432811

Cable: THERMPOWER. Telex: 031-66566, 031-62548 NTPC IN. Fax : 011-6466623, 011-6445761

FIFTEEN YEARS OF EXCELLENCE

The East India Company legacy



J. RAO

In Britain, the liberal Whigs were always suspicious of "John Company". It stood for a monolithic monopoly and mercantilism. By its very nature, the East India Company abhorred free trade, preferring to reserve for itself the profits accruing to the India and China trades. Tragically, this absence of faith in liberal economic policies was carried forth into the management of domestic government finances in India. The company obtained large chunks of revenue from the opium and salt monopolies — a quaint intrusion of government into commerce, that the liberals viewed with disdain and suspicion. It is in this approach to governance practised by the East India Company that we need to search for the seeds of modern India's statism and ever-widening public sector octopus.

Worst variety

When the British government took over direct rule of India, this tradition got strengthened. The leading lights of the ICS and even most viceroys turned out to be paternalistic Tories of the worst variety. This happened even when there were liberal governments in Westminster. This set of rulers believed that they knew what was best for ordinary Indians. They also viewed ordinary infrastructural or commercial development through the prism of political strategy.

The propaganda of today is no different. The Indian railways, going from their PR material, have more to do with national integration than with the movement of people or goods. The imperial government's backing and control of the London to Bombay telegraph was justified with a vocabulary that sounds similar to the "self-reliant, control of commanding heights" variety that is echoed a century later!

Many are not aware that the nationalisation of the railways took place in pre-independent India as part of the manifest destiny of the viceroy's government to do good to its loyal subjects, besides protecting and defending them. We just need to alter a word or two and the claim can be reproduced as coming from the experts who plan for the welfare of Indian citizens from the distant paradise of Delhi today!

Paternalistic Toryism (be it the imperial or the patriotic *desi* variety) assumes that the government, or to be precise, elite functionaries of the government know what is best for people. Private ownership and market mechanisms are not good for people. Government ownership and official control and direction are the only sure guides to happiness. One can understand this attitude from imperial masters — it's part of their ideological creed that they know what's good for their helpless and backward subjects much better than the subjects themselves. It is to the eternal credit of the strength of the institutions and ideas that the British bequeathed to us, that independent India has adopted and enhanced this supercilious and positively contemptuous attitude towards the people of India!

Contempt for commerce

Another characteristic of Toryism is its contempt for commerce and business. 'Tradesman' was an insulting epithet applied to one's adversaries. There's presumably something seamy and dirty about the act of buying and selling goods to customers who want them. This contempt for trade and money-making has become another religious legacy left behind by our erstwhile masters. Like good converts, we have become far more zealous in the defence of this holy dogma than its original proponents probably ever imagined.

Oddly enough, this distaste for trade and business does not prevent government mandarins from making their foray into this world. The government can and should set up organisations to trade; an activity which is otherwise despicable now becomes noble, patriotic and what not. One wonders if the monopoly trading houses in the public sector today realise that they can trace their intellectual ancestry to the opium monopoly of the East India Company!

It is in the nature of things that inheritors of the imperial mantle imitate their erstwhile rulers while decrying them in public. Such a strategy can even have many plus points. However, as time passes and as our national self-confidence builds up, we need to shed counter-productive and burdensome inheritances while leveraging the useful ones.

Condescending *ma-baap* paternalism, be it from an imperial or a national government, claims to benevolent omniscience and antagonism to trade and business (the sections of society which, in fact, are the builders of the economic basis of society itself) — all these are dubious legacies of the East India Company taken by us to extremes of caricature as is usual with imitators. Let us jettison them and evolve a more constructive paradigm that can deal with the realities of our country's immense needs and unrealised potential in the contemporary context.

As a first step, maybe we can celebrate the 391st anniversary of the founding of the Honourable John Company Bahadur by getting the government completely out of all trading activities and leaving them to individuals and private firms where they rightfully belong!

The writer is chief executive of Citibank India. The views in this article are his own and do not necessarily reflect those of his employer

HCL-HP JOINT VENTURE

A significant move

The tie-up, which caught everyone unawares, promises to infuse not only funds and the latest technology into the country's computer industry, but also enhance its global competitiveness

On 12 April 1991 when the directors of Hindustan Computers Ltd (HCL), the largest Indian computer company met for an extraordinary meeting, only three of them had any inkling about the momentous announcement that chairman Shiv Nadar was going to make. Only a week earlier Nadar had received a missive from the Hongkong regional office of Hewlett Packard (HP), the $13.2 billion US computer and electronics giant, that its headquarters had agreed to get into a joint venture with HCL in India.

Like in October last year when the two companies had announced a marketing tie-up, this time too the Indian computer industry was caught unawares by the new development. In fact, so were the employees of both HCL and Hewlett Packard India. To be fair, the earlier plan was for both the managements to inform their employees first before making press statement on April 22. But because of a newspaper leak the two companies had to make their announcement at a hurriedly called press conference on April 17 itself.

According to Nadar, the tie-up has its roots in the 1989 HP takeover of Apollo Inc., the leading US workstation manufacturer, with whom HCL had a manufacturing agreement. In September 1989 HCL and HP first began talking of a 'complementary alliance'. However, it was only last year that HP proposed teaming up to manufacture CAD/CAM workstations in India. Toward this end, HCL made its first presentation at HP's Palo Alto, California headquarters. But the idea did not develop into anything concrete immediately.

In October last year, however, the two manufacturers decided to go in for a marketing agreement. Soon after, in December, the two began negotiating the joint venture and, as Suresh Rajpal, president, HP India, says, "a handshake on an approximate price took place". An informal MoU was eventually signed towards the end of January 1991.



Rajpal and Nadar with HP's Asia Pacific president Alan Bickell: mutual benefit

Under the joint venture proposal, drawn up by HCL's auditors, Price Waterhouse, the Delhi-based HCL Ltd will be broken up into two companies: HCL-HP and HCL Ltd. While the former will get about Rs.10 crore of HCL's current equity of around Rs.15 crore and will be exclusively a computer manufacturer, the latter will get the rest of the equity and will retain HCL's present reprographics and communication business. HCL Ltd will also inherit the overseas operations like HCL America Inc, and the Singapore-based Far East Computers Pte Ltd.

The American company will pick up a 26 per cent stake in HCL-HP, while the balance 74 per cent will remain with the present HCL shareholders

But what is interesting is that for the first time there could be a large infusion of funds into an Indian computer company. In fact, HP's proposed investment will be among the largest by an American corporation in the country in recent times and will far exceed the entire American investment in India in the last one year.

HCL's turnover last year was to the tune of Rs.229.96 crore, of which almost Rs.175 crore came from the computer division, the rest being from the communication and reprographics business. This year (1990-91) Nadar expects to touch Rs.280 crore even though the first six months were bad, with the company posting a loss of around Rs.5 crore. A recent *Business India* study, though, indicates that the company will probably end up with a net profit of around Rs.7 crore for the entire year as against Rs.6.1 crore last year.

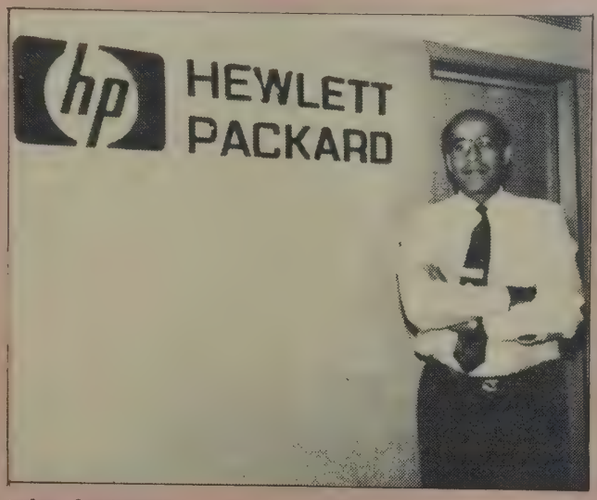
HP proposes to invest as much as $23 million (Rs.46.30 crore) in the new company, HCL-HP, picking up HCL Ltd's Rs.10 shares for Rs.178 each. The current market price (at the time of writing this article) is Rs.63. It shot up from Rs.40 to Rs.82 in a week's time, before settling when the deal became public. The American company will pick up a 26 per cent stake in HCL-HP, while the balance 74 per cent will remain with the present HCL

Hewlett Packard in India

The Palo Alto, California-based $13.2 billion Hewlett Packard company needs no introduction. With over 10,000 products in areas like test and measuring instruments (T&M), medical electronics, other electronic equipment and computer hardware and software, it is today one of the 50 largest industrial corporations in the US. More than half its business comes from international sales.

HP's association with India began almost two decades ago when Blue Star, the Bombay-based multi-product company was appointed their agent in India. Blue Star was vending most of HP products here through its own HP division. However in 1989, after much thought and time the company decided to cement its relationship with India in the form of a joint venture with Blue Star in Bangalore, at a cost of Rs.33 crore.

HP (India), in which Blue Star has a 20 per cent stake, manufactures a range of T&M instruments and medical electronics items. It was also to manufacture computers in the years to come, before HP decided to join up with HCL, with which it already had a marketing tie-up for its computer range since October last year.



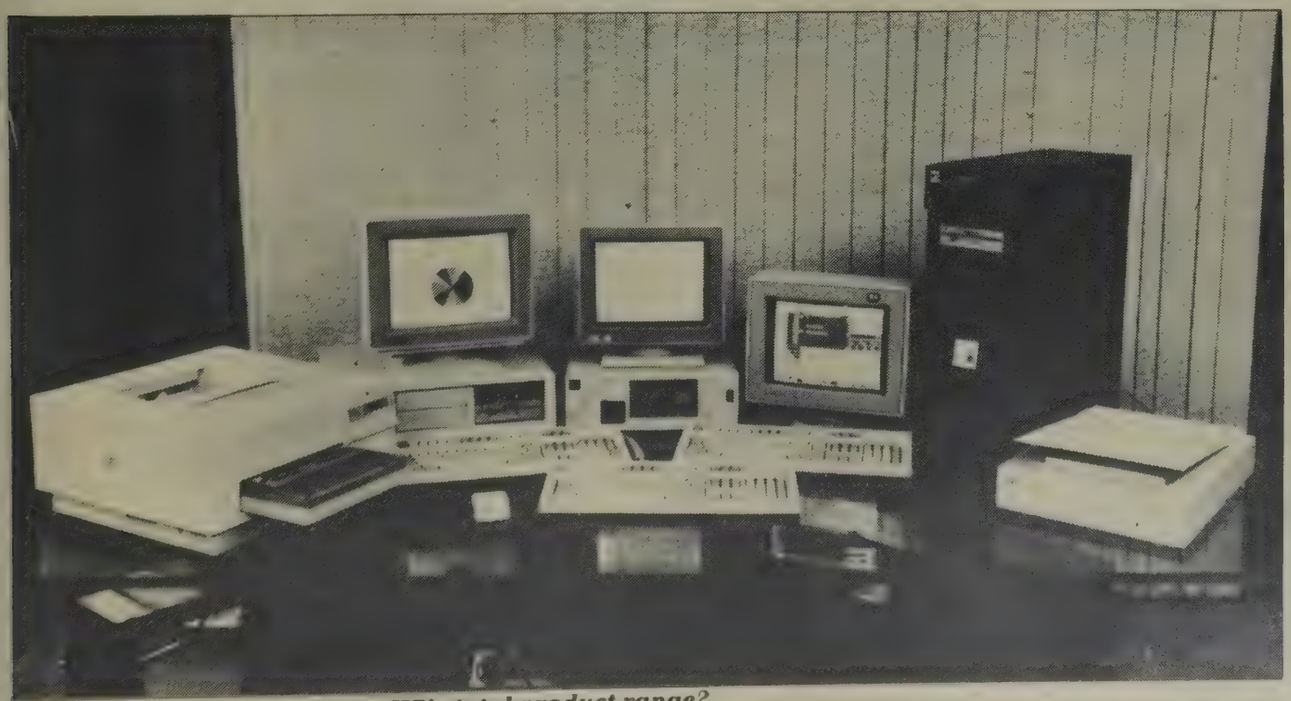
Under its agreement with HCL, HP (India) will restrict its operations to only T&M and medical electronics. However, it will manufacture, in a big way, its much acclaimed range of computer peripherals, an area which will not be touched by HCL-HP. But a part of the manufacturing facility, worth about Rs.3 crore, will be transferred to HCL-HP. But HP's export-oriented software facility at Bangalore remains untouched by the new alignment. In September this year HP (India) plans to come out with a public issue of Rs.5 crore.

Its venture with HCL brings HP in a big way into the Indian market. By buying into HCL's stake, HP has become a partner in what is the largest information technology company in India. Furthermore, it has also strengthened its position in the Asia-Pacific region where it has already gone in for two other joint ventures in China and Thailand, apart from the one in Bangalore. At present, its Asia-Pacific operations are headquartered in Hongkong. There is speculation that India could well become HP's headquarters for this region once Hongkong is absorbed into mainland China in 1997. However, indications are that this might not transpire, even though HP is looking for a lasting relationship with India. HP cannot expect a very easy time as its competitors in the international market, Sun Systems, DEC and IBM, which are present in the Indian market in one way or the other, could well provide some threat. On the whole, though, things look promising as HP will not restrict itself to just the middle or upper range machines, but also tap the lower end — which is the largest market, in terms of volumes, in this country. Apart, of course from exports.

shareholders. Under the proposal, the Rs.14.8 crore equity of the HCL Ltd as it is now will be divided in such a manner that a shareholder having 100 HCL shares will end up having 68 shares of HCL-HP and 32 shares of HCL Ltd. After the new company is incorporated, says Nadar, there will be a rights issue of Rs.28 crore and Rs.15 crore for HCL-HP and HCL Ltd respectively.

Presently Nadar and his associates have a tight control over HCL Ltd, holding as much as 78 per cent of its equity. The public holding is around 18 per cent. Once the rights issue is offered, Nadar and his associates will dilute their holding to less than 50 per cent in the new company. But even while diluting they will come out clear winners — especially since HP plans to pay Rs.178 for a Rs.10 share.

What is also interesting is that with one rights issue enhancing the equity capital of the new company, it would greatly enhance its ability to raise funds from the market. And this will be a distinct advantage considering that – the



Can the Indian market absorb HP's total product range?

major problem with Indian computer companies is that they are usually strapped for cash, leading to heavy borrowings and a huge interest burden. The initial investment to augment HCL-HP's manufacturing facility alone is expected to be in the region of Rs.8 crore.

Meanwhile the communication and reprographics division, which will be called HCL Ltd, will also augment its share capital by a fresh inflow of funds. This business, which fetched HCL nearly Rs.60 crore in revenues last year, is also expected to grow. However, Nadar denies that anybody else might be coming into this part of the company as a partner. On its part, HP will retain its existing tie-up with Blue Star for the manufacture of testing and measuring instruments, and medical electronics (*see box*).

was an obvious market, but one we had not focused on in the past. Our earlier marketing agreement was only the thin edge of the wedge. We needed to work together." Adds HCL's competitor Hemant Sonawala of Hinditron rather admiringly, "Looking at the country's point of view it is a significant move since the tie-up allows India to become globally competitive."

Key contributions

Apart from infusing funds, HP's contribution in the joint venture will be in four key areas — manufacturing, reliability engineering, customer support and quality assurance. The secondary area where HCL will be putting in its bit is sales and marketing. With an installed base of nearly 50,000 machines in the country, a



Areas that are complementary to HP's long-term plan are UNIX networks and object-oriented programming — assets that HCL had been looking for

What brought about the marriage between the two parties as far as HCL-HP goes? For Nadar this has been a long held dream and for Rajpal the deal made perfect sense in his role as the man responsible for expanding HP's operations in India. And both stand to benefit: while HP gets to become the largest computer company in the country, HCL gains access to technology and the inbuilt HP strengths like quality and manufacturing engineering which are required to become a world player. Says Rajpal, "Realistically, we are looking at a 10-year time period. India

country-wide sales network and a strong sales team, HCL has enough to tom-tom about. Also HP gets the R&D team of HCL (nearly 300 strong) to add to its own stable of highly skilled staff. Both Nadar and Rajpal do not rule out joint development projects in various areas. On the technology front, the areas that are complementary to HP's long-term plan are UNIX networks and object-oriented programming — all of which are also assets that HCL had been looking for.

But can the Indian market absorb the total product range that HP might be offering? It seems unlikely, though Nadar thinks differently. "There was a limited market because there were no players", he says with typical marketing zeal. Rajpal, on the other hand, says HP's upper end range will be missing from the Indian market. There are no plans to introduce HP's latest Snake range of workstation into India as yet. "We are only going to get the right range".

With the information technology market fast turning into a global phenomenon, interdependence has become necessary. No company, says Nadar, can go it alone, especially in India. The aim is not only to take HCL-HP to the top of the ladder (turnover in the first year of operations alone is targetted at Rs.300 crore, moving to Rs.500 crore at the end of the third year), but also provide the customer a range of products by the same corporate entity.

Exports will receive special attention. Presently computer exports from the country (both software and hardware) are abysmally low. In the case of hardware, quality is a problem. The joint venture might just set this right. "We will surely be exporting in the next two years", says Rajpal, "The industry here will have to upgrade the quality of their products if they want to stay in the game." Nadar concurs, "We are fanatic about quality. It is good to be obsessed with it".

Winning wicket

With access to the latest technology, a world beating range of products from microcomputers to upper-end large machines, a wide marketing network and the backing of an internationally reputed company, the new joint venture seems to be on a winning wicket. But how much of a say HP will have in the management of the company still remains a mystery. While Nadar will continue to be the chairman and CEO of both HCL-HP and HCL Ltd, HP, according to the charter, cannot increase its stake from any further than 26 per cent. Nadar was from the beginning not keen on giving away any more. While Rajpal feels HP, with its present stake, will have enough of a say in the operations, Nadar feels that with the original promoters of HCL keeping almost 50 per cent "no decision can be imposed". But what actually will happen remains to be seen once the hurdles like shareholders' permission, government clearances and the required court orders are obtained.

■ RAHUL SHARMA

BENGAL LAMPS

Contenders galore

Infighting and labour troubles have pushed this company to the brink and the BIFR is scouting around for someone to take it over. A number of contenders have lined up, of which Peico's chances appear to be the best

Controversy and Bengal Lamps seem to go hand-in-hand. Remember the infamous Chandan Basu-Bengal Lamps-Jyoti Basu scandal of the mid-eighties? Or later, corporate raider Manohar Chhabria's aborted attempt at taking over the company? Last month, the company, which is now sick, was back in the news, as the likes of Peico displayed keen interest in a BIFR proposed revival package.

The company was established in 1932 as a *swadeshi* enterprise by the late Professor S.K. Ray, uncle of the present managing directors, Tapan and Tapas Ray. And for over 40 years, it was a front runner among Indian companies making electric lamps, tubelights and other lighting appliances.



Bengal Lamps dealer:* swadeshi *gives way to controversy

But later, a militant workforce, several workers' agitations during the eighties, bickering between the Ray brothers, and the state government's decision to allow seven small-scale units to enter the field damaged the company's fortunes grievously. The company has been on a downward slide since then. Today, it has accumulated losses exceeding Rs.11.5 crore. More than 50 per cent of its net worth has been eroded. It collectively owes Bank of Baroda, United Bank of India and State Bank of Mysore around Rs.7 crore. There are several other creditors, like the Bangalore-based Metal Lamp Cap (I) Ltd. In August 1989, following a lock-out, Bengal Lamps had approached the BIFR and was declared a "sick" company.

Revival stalled

The Industrial Reconstruction Bank of India (IRBI) prepared a feasibility study for consideration of the BIFR. The report envisaged an immediate additional infusion of Rs.5.94 crore towards meeting the accrued wage bill of almost 1,200 workers, clearing capital equipment lying with the customs and working capital requirements. Of this amount, the promoter's contribution was estimated at around Rs.1.2 crore. Tapas Ray was confident of being able to bring this money in by selling a part of the company's land in Calcutta. But several shareholders, who blame the present managing directors for the company's ills, objected to the continuance of the management and the revival was stalled.

And now, in the fray to take over the ailing company, apart from Peico, are the Delhi-based Prakash Tubes (which owns Surya Lamps), an anonymous Bombay-based industrialist represented by lawyer Amit Bhowmik, and Anoop Saha, an entrepreneur from Calcutta.

As can be expected, Bhowmik's bid is clothed in secrecy. But, some IRBI officials reckon he is acting in his own interests. Their logic: Bhowmik's family owns UK Agencies, distributors of Bengal Lamps' products in Maharashtra for the last 40 years, and that there is a Rs.75 lakh dispute between Bhowmik and the company. Similarly, Saha's family has also had a long association with Bengal Lamps, having been its dealer for a long time.

Why should so many people be interested in a loss-making unit that has been a BIFR case for the last year-and-a-half? The carrots are: an established brand name, and land and fixed assets at three locations — Calcutta, Jadhavpur and Bangalore. But on the flipside is the fact that anyone who takes over will have to contend with the 1,200-strong workforce. While the word is that the Bengal Lamps trade union favours a takeover by Saha, it is also possible that he may ultimately support Tapan Ray.

Professional contender

Chances, however, are that Peico may get into the driver's seat. Atanu Bose, a Peico director says, "The West Bengal government has asked us to look into the Bengal Lamps issue." Apart from the fact it is in the same line of business, Peico's management is entirely professional, unlike the other bidders. The only blot on its record is Elmi, Peico's Calcutta-based wholly-owned lamp manufacturing subsidiary, which had to close shop on account of non-profitability. Asks Bhowmik, "Why should they get the company when they botched up a lamp unit earlier?"

Tapan Ray is determined to retrieve the company from its financial morass, BIFR's determination to hand it over to a new bidder notwithstanding. "I would do anything to prevent the company from falling into the hands of my competitors. And handing it over to Peico would be at considerable variance with the nationalist image of Bengal Lamps," he says.

As a first step, he claims he has patched up with his brother Tapas Ray in order to save the company. According to him, the two had refused to see eye to eye on the future of the company. While Tapas was in favour of selling out and dividing the proceeds, Tapan wanted to revive the company.

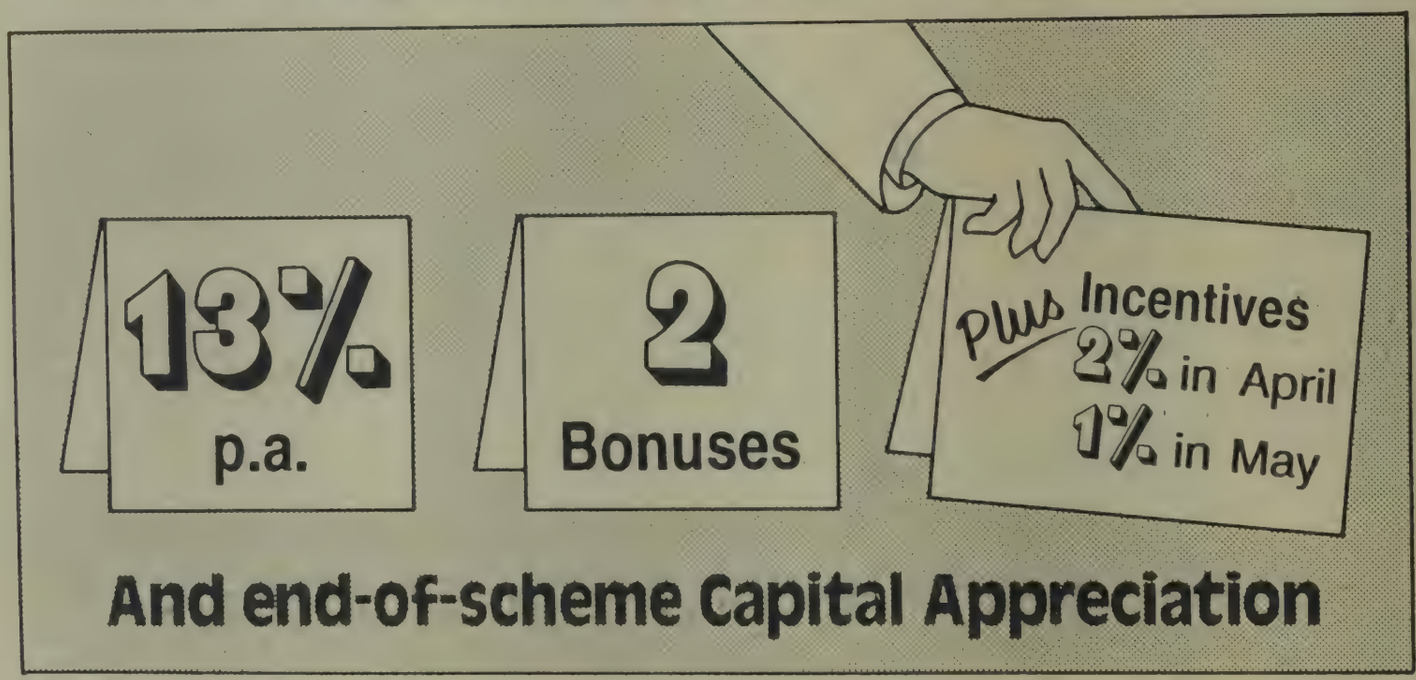
The brothers will have to patch up and show that they are serious about reviving the company. Otherwise, the BIFR will show them the door. Whatever the revival institution decides, its actions will be closely watched since they will decide the future of a legendary company in West Bengal, its 1,200 workers and their families. The BIFR is expected to take a decision in a month or two. In the meanwhile, lobbying is on at full swing.

■ SHEKHAR GHOSH and MADHUMITA BOSE

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THE SOUTHERN SHRIRAMS

Riding on success

After scoring enviable successes with its chit fund and hire purchase operations, the group is now paying serious attention to manufacturing — in a bid to increase its profitability and networth

The Madras-based Shriram group of companies has an image problem. It has a turnover exceeding Rs.250 crore and employs over 2,000 people and, yet, is very little known outside its sphere of operations. In the south it is identified with the highly successful chit fund operation it runs. In the last few years, it has emerged as a large financier of commercial vehicles in the country but this fact is not too well known outside the transport industry. And in recent years, the group has also ventured into manufacturing activities in diverse areas. But would it be as successful in this venture as in financing remains to be seen.



Thyagarajan: fast and aggressive growth

The privately-owned Shriram Chits and Investments Pvt Ltd, which looks after the chit fund operations, is probably the largest chit fund company in the country. It has grown spectacularly in the last decade. The auction turnover (the prize money disbursed) for the current year ended March 1991 is expected to be in the region of Rs.200 crore (*see box*).

Investing in manufacturing

The public limited companies in the group are the hire purchase companies Shriram Investments Ltd (SIL) and Shriram Transport Finance Company Limited (STFL). Its private hire purchase companies are Shriram City Union Finance Company Ltd and Shriram Finance (P) Ltd. SIL and STFL have, over the past few years, invested in manufacturing, through companies like Hightech Ancillaries Pvt Ltd (auto components), Madras Spindle Company Ltd (textile machinery), and Shriram Agro Industries Ltd (edible oil and consumer products). The group's most recent acquisition is the Hyderabad-based Super Shock Absorbers for which it had to compete with market leader Gabriel.

The group has gone all out to build up its hire purchase business in the last few years. It has so far provided advance for the purchase of more than 20,000 trucks, both old and new. Between April 1990 and March 1991 alone, the number of trucks it has helped finance is in the region of 2,000. Its reputation as a premier truck financier was further enhanced when both Telco and Ashok Leyland invested in its debenture issue last year. Both the companies have representatives on the SIL and STFL board.

SIL's stock on hire which stood at Rs.3.96 crore in 1986 reached Rs.25.71 crore in March 1990. The funds employed increased from Rs.5.14 crore in 1986 to Rs.31.82 crore in 1990. Similarly, STFL increased its stock on hire from Rs.4.92 crore in 1987 to Rs.15.47 in 1990. The funds employed also jumped from Rs.5.58 crore to Rs.18.76 crore in 1990. The two companies together had received Rs.36 crore in fixed deposits from the public in 1990, while in 1989 the figure was Rs.26 crore.



Vaidyanathan: spearheading the diversification

According to R. Thyagarajan, the rather self-effacing but dynamic chairman of the group, the successful deposit mobilisation drive made it imperative for both companies to raise their capital rather steeply in 1990. The combined capital of the two companies was Rs.3.55 crore in 1990. Both the companies had been promoted around 1974 as private operations and went public later. Last year SIL and STFL came out with fully convertible debenture issues amounting to Rs.7.5 crore and Rs.4.5 crore respectively.

Why did the group consider such large issues (by Madras standards) necessary? Explains Thyagarajan, "In the middle of last year in a matter of 15 months the public deposits of the two companies increased by about Rs.20 crore. Reserve Bank regulations require that our share capital plus reserves should be in excess of 10 per cent of the total public deposits that we have at any point of time. Considering our pace of growth we felt it was necessary to increase our capital base substantially in order to avoid going to the public very often, which is time consuming and expensive."

The issue was successfully subscribed and will take the company's share capital to Rs.20 crore after conversion. The group's executives feel that with this kind of capital base they are now ready to take off. The last three to four years were spent in setting up branches in the northern eastern and western parts of the country. And, also in expanding and strengthening the branches in the group's stronghold, the south. The group now has more than 40 branches. "We went all out to build up the infrastructure and to train youngsters. And we sent them to our branches to develop our business at a micro level." says Thyagarajan.

Clear direction

The direction for the hire purchase companies is very clear. They will not use their funds for financing anything other than trucks (old and new). Thyagarajan is convinced about the future of the road transport industry. The projected road traffic of goods is 600 billion tonne/km in the year 2000 compared to 197 billion tonne/km in 1990. This is expected to raise demand of truck utilisation as well as the number of trucks plying.

The Shriram group now feels that it has

THE PSYCHO-ANALYSIS

(Shouldn't you know what your

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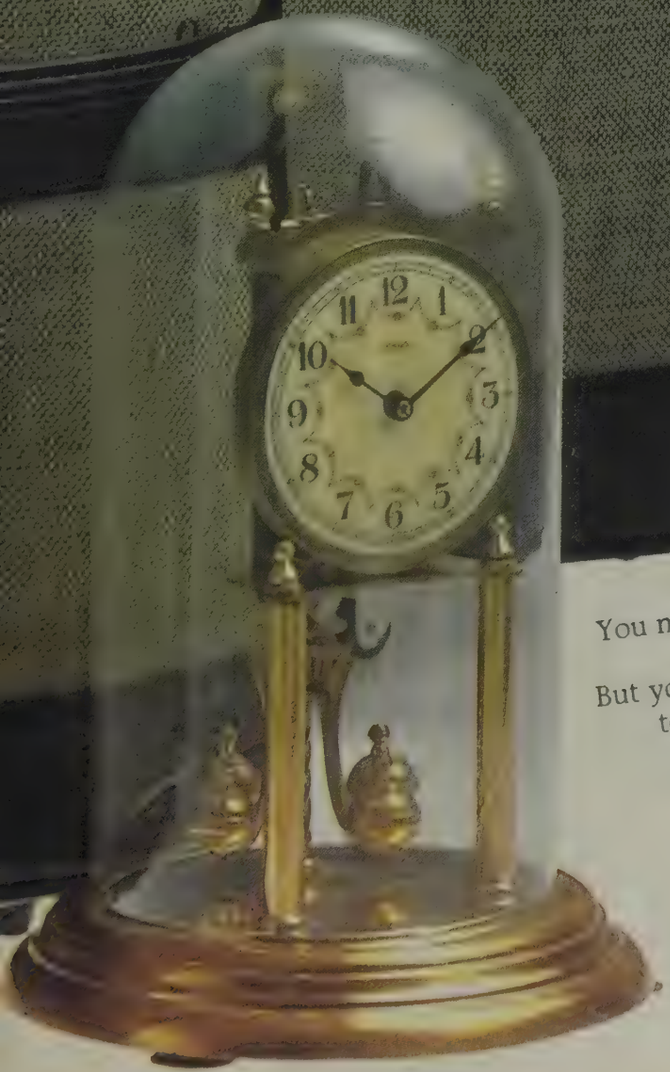
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The cash cow

On 14 April, the Tamil New Year Day — one of the days on which Shriram launches its massive mobilisation drives — Shriram Chits and Investments, acquired about 70,000 new members and a fresh deposit of nearly Rs.1 crore. "In the three southern states (Tamil Nadu, Karnataka and Andhra) the company spends Rs.46 to 50 lakh a year on advertising its chits. This brings us business of Rs.10 crore," says R. Kannan, executive director, Shriram Chitfunds.

Southern popularity. Chit funds are quite popular in south India, despite many unscrupulous operators having taken gullible depositors for a ride. Properly used, they are an effective tool to meet unplanned, unforeseen and unexpected expenditure, especially for the middle class and small businessmen. Shriram offers several groups of chit funds. Auctions are conducted every month. The member who bids for the highest discount wins. The dividend at every auction is distributed to the subscribers out of the discount (the difference between the chit amount and the amount bid), less the group foreman's commission of six per cent of the chit value.

Given the stringent RBI rules, it is not an easy matter running a profitable chit fund business. For instance, under the central chit fund acts, before commencing a chit group of, say, Rs.1 lakh face value, the company has to deposit in a bank Rs.1 lakh for the duration of the chit, hand over the deposit receipt to the registrar of chit funds and obtain a certificate for commencement of the group. Collection of the first instalment from subscribers can commence only thereafter.

Shriram, with its tight network and well-tuned collection mechanism, will probably make Rs.2 to Rs.3 crore profits this year. "Today over 2.5 lakh people have placed their trust in Shriram chits as subscribers. We have 51 branches and a committed agency force of over 5,000. Over the years we have disbursed about Rs.500 crore in prize money," says Kannan.

accumulated enough experience in the business. "The recovery rate on advances to both new and used truck owners has been excellent with a prompt recovery rate of more than 95 per cent and a sticky debt record of less than .01 per cent," says a senior company official.

Aggressive development

The feeling among the established financiers of the road transport industry is that the group has done quite well in the hire purchase business. Contrary to the experience of other established hire purchase companies in the south, the Shriram operations have developed rather fast and aggressively. The question is, can the group sustain this type of growth over the long term, given the fact that a lot of funds from the hire purchase companies is being directed towards diversifications into industry? In the last four years the group has been plunging deeper into manufacturing activity, taking over sick companies and putting money into new projects. Observers, however, feel that in moving into manufacturing Shriram is venturing into areas where it does not have enough expertise.

R. Vaidyanathan, managing director, SIL, who is spearheading the diversification, feels that it is necessary for the group to make the foray into industry. "We need to improve the overall yield on the funds employed by the finance companies. The profitability of manufacturing companies can be better than the margins on hire purchase once production and brand names are established. The intrinsic networth of the hire purchase companies will also increase as the funds employed in manufacturing operations increase over a period of time, in terms of the value of equipment, land, building, and goodwill. And this increase, of course, will be much more than the increase in the intrinsic networth from hire purchase operations alone," he explains.

Small investments

Much depends on how well the manufacturing activity does. The group has not made massive investments as yet. So far, it has invested sums of around Rs.1-2 crore or less in its projects. Super Shock Absorbers is its major investment, where it has to put in Rs.3 crore. From its manufacturing ventures in the auto ancillaries field the group expects to earn a turnover of around Rs.16 crore this year. Shriram Agro is moving into consumer oil packs this year and expects to touch a turnover of Rs.23 crore. The company is also getting into some other consumer products.

The group has also made forays into pharmaceuticals, construction, and road transport, with profits from the chit fund company. All these ventures (in the shape of private companies) are around four years old, and are at various stages of development.

Thyagarajan hastens to add that these are not risky ventures as risk taking is not in the Shriram culture. The group will not betray the trust of its depositors, but will not let down its shareholders either. Thyagarajan describes the group as supporters of 'entrepreneurial activity'.

According to Thyagarajan, the group enters areas with which its senior executives have had some personal experience. In fact, the Shriram group became an entity on the basis of the associations its promoters acquired over the years. In 1974, Thyagarajan who had a background in insurance and banking and who was financing truck operators in a private capacity, A.V.S. Raja, an officer in the Railways and T. Jayaraman, a private hire purchase financier, came together to form the Shriram group. They, and some friends put in Rs. one lakh each in the chit fund and the hire purchase companies. Somewhere along the way, Thyagarajan started hiring people who either had a particular expertise or could rise above their given jobs.

Professional approach

For instance, Vatsala Ranganathan, an academic who joined the group some years ago, showed a great talent for mobilising resources. Today she is the president of SIL and STFL. R. Kannan, a senior manager from Vysya Bank who came into Shriram in 1982, helped build up the chit funds operation and bring it to its present level. Vaidyanathan, former financial controller of Lucas TVS (the TVS group company which makes auto electricals), could dream up diversification projects. "We do not employ our family members," says Thyagarajan. "We hire professionals to head our new ventures."

The Shriram group is confident that it is headed toward the big league. The hire purchase companies will spearhead the growth. In terms of funds employed, Thyagarajan hopes to do Rs.160 crore in 1991 and Rs.250 crore in 1992. "And," he predicts, "from 1983 there will be an explosion!"

■ SUSHILA RAVINDRANATH

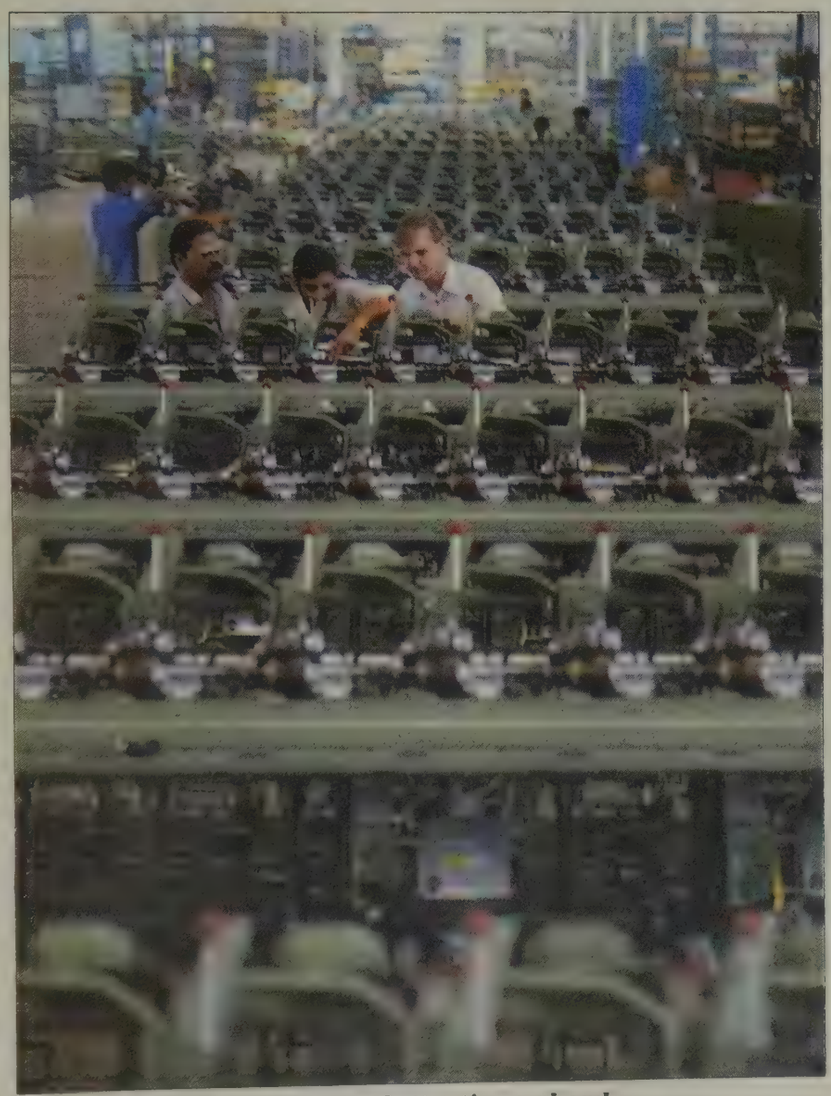
PADMATEX ENGINEERING

In search of stability

The recent resurgence in the textile industry is expected to ensure this company, which manufactures highly specialised textile machinery, its place in the sun. And the company too is doing its own bit to get there

An exclusive niche is not always synonymous with success, as Padmatex Engineering Ltd, an Arvind Mafatlal group company, has learnt over the years. Though it is the only company in India and the fifth in the world that manufactures sophisticated, hi-tech autoconers, that provide fault and knot free yarn for textile mills, the going has been rough for Padmatex. The reason: the company's fortunes were too closely linked to the ups and downs of the textile industry.

But with the industry on a much firmer footing than at any time in the last ten years, Padmatex might see better times from now on. Higher output and increased price realisation, combined with exports to Russia have already transformed the company's bottomline. Turnover for the year ending March 1990 jumped 75 per cent to Rs.60 crore, while net profits more than doubled to Rs.1.51 crore. And this year it is expected to be even better, with sales recording a figure of close to Rs.72 crore. However, not wanting to hedge its bets exclusively on the textile industry any longer, the company is now planning to move into plastic processing machinery in a big way.



Higher output of autoconers: better times ahead

German knowhow

Promoted in 1981, Padmatex has been making only two machines — autoconers and drawframes, both for the textile industry. The drawframes are being made with technical knowhow from Zinser Textilmaschinen, a German company. The autoconers, which account for nearly 90 per cent of the company's turnover, are also being manufactured with German technology — this time from W. Schlafhorst and Company. The latter is the world's largest maker of autoconers, with a 60 per cent share of the international market.

Schlafhorst, through its subsidiary Reiners Verwaltungs Gesellschaft (RVG), has a 21 per cent equity stake in Padmatex, while Arvind Mafatlal has 14 per cent. Other shareholders include the financial institutions (14 per cent) and another West German company, Reifenhauser GmbH (10 per cent). Reifenhauser is a plastic processing machinery manufacturer, which recently entered into a collaboration with Padmatex. The Germany company has swapped its Rs. 58.4 lakh technical knowhow fee for the equity stake, whereupon Padmatex's capital base has expanded from Rs.5.2 crore to Rs.5.8 crore.

Autoconers are primarily bought by quality-conscious mills and exporters of yarn, and since mills were ailing and exports of yarn and textiles had slumped, it was not surprising that there were few takers. There were operational problems too. Says former managing director V. Datar who retired just last month, "The production volumes were low as we were unable to manufacture to full capacity. The cost of imported components too was very high. Our prices were unremunerative, and the domestic market was not big enough for volume sales." Instead of six, only two or three machines rolled off the production lines every month. As a result, Padmatex's losses mounted from Rs.9.65 lakh in 1983-84 to Rs.1.94 crore in 1985-86.

Impressive clients list

With the recent revival of the textile industry, Padmatex is on its way back. It has added on 25 to 30 new mills to its clientele, which now includes textile heavy weights like the Soundaraja and Vijaykumar Mills and Madura Coats in the south and Mafatlal Fine, Arvind, JCT and DCM among others elsewhere.

In the domestic market, however, the company has also been facing competition from imported autoconers. Ironically, one competitor is Schlafhorst. How come? Explains Datar: "The Schlafhorst philosophy is that if they refuse to sell, the other companies like Murata of Japan and Savio of Italy will get the orders."

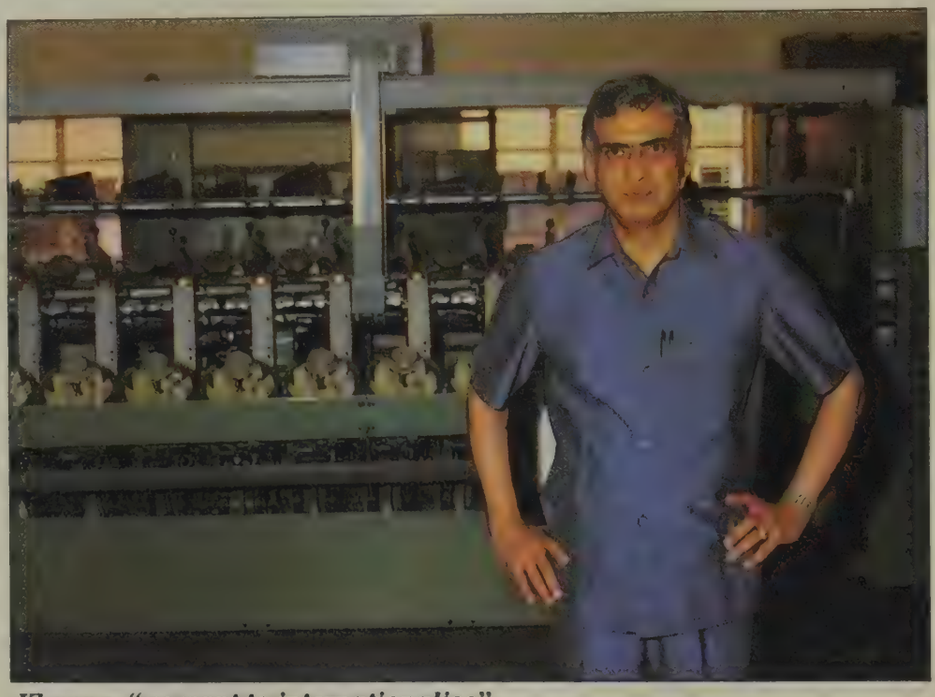
Competition began in 1988 when autoconers were put under OGL with 40 per cent duty with an export obligation equalling the machine's value in five years. Then, in March 1990, duty was reduced to 25 per cent and the export obligation was slashed to three years. As a result of the last duty revision,

Schlafhorst's new autoconer being imported by mills, the Model 238, at around Rs.55 lakhs is cheaper than the older 138 version being sold by Padmatex for about Rs.60 lakh. The Murata and Savio machines are even cheaper.

The tide turns

Not surprisingly then, 1990 also proved difficult for Padmatex. Says P. Sharma, vice-president, marketing, "Imported machines hurt us badly. We had to reduce our prices to match theirs." In fact, between April and November last year, volume sales dropped by 50 per cent. Fortunately, the tide turned in December when the forex crunch caused the government to curb imports.

Besides this, says Sharma, "All the mills that need autoconers cannot import them because they can't meet the export commitment." Besides, adds K.C. Sethia, general manager, marketing, Padmatex managed to get an edge, because "price is not the deciding factor in industrial machinery. Quick after-sales service and easy availability of spare parts is also very important." Points out managing director O.P. Khanna, who took charge this month, "Century Textiles, the largest exporter of textiles from India, already has eight autoconers. Having a 100 per cent export-oriented unit, Century can import the machines at a very concessional duty, but they have ordered another 22 from Padmatex."



Khanna: "we want to internationalise"

The company's drawframes are also doing well. Says Sharma, "We have order bookings for the next 20 months." This is a far cry from 1986 when 40 drawframes stood ready for despatch, but there were no buyers. Texmaco, New Standard Engineering and Textool — part of the Madras-based Lakshmi Machine Works (LMW) group — are Padmatex's main competitors in drawframes. Sharma claims that Padmatex's drawframes are market leaders, despite their high selling price of Rs.5 lakh plus because their operational costs are low.

However, more than the buoyancy in domestic demand, the company's fortunes changed when it began exporting in a big way to Russia. In 1987-89, 24 autoconers and drawframes were exported. In 1989-90, this increased to 82 autoconers and 58 drawframes. And in 1990-91, the figures are 61 and 18, respectively. Admits S.C. Misra, general manager manufacturing, "If it hadn't been for the Russian orders, we would still have been in the red."

Soviets happy

The Russians are happy too. Says V. Pushkin, inspector of Technoprom Exports, the Soviet buying agency for light industrial machinery, "We are happy with Padmatex machines. Besides we can buy them through the rupee-rouble agreement."

On an average, Russian exports have been responsible for over 50 per cent of Padmatex's turnover in the last couple of years. But this dependence is considered dangerous, given the uncertain economic climate in Russia. Says an industry observer: "Padmatex will choke if its Russian orders dry up." The company knows this, but is also confident that the large demand, and the Indo-Soviet trade protocol that is valid upto 1995 will ensure business as the Russians can get the latest machines without spending hard currency. For 1991-92, orders for 92 autoconers and 100 drawframes are already being executed. Datar, however, does admit: "The next two years will be tricky. But we hope the Russian business continues till the rest of the expansion programme falls in place."

It is also not easy for Padmatex to look for new export markets for autoconers. As with most companies with foreign partners, Padmatex's exports are controlled by Schlafhorst, with permission granted on a case-by-case basis. "We were allowed to export to Russia," says Khanna, "because Schlafhorst machines were not there. And now that they are allowed, the market has been divided — Schlafhorst handles turnkey projects while Padmatex supplies to the Russian mills that are modernising."

For the future, however, an effort is being made to sidestep export restrictions in all the new collaboration agreements being signed, says Khanna. For example, with Reifenhauser, a buy-back arrangement and more freedom to export autoconers to different markets has been negotiated. With Zinser giving the green signal, the south east Asian, west Asian and African markets for drawframes are going to be tapped. "We," says Khanna, "want to internationalise our business."

These plans to increase exports, however, are just one part of Padmatex's multi-pronged strategy to spread its risks, to broadbase its product mix and markets. Over the next four years, Padmatex plans to spend Rs.40 crore on diversification and modernisation, financed by internal accruals and term loans. But the company will not be venturing too far afield. Says Khanna: "Essentially we will remain in engineering, in machinery manufacture."

Confident of a good market

Plastic processing machinery, more specifically extrusion systems in the blow film line, made with Reifenhauser, will be the new additions at Padmatex. The market size is estimated at 50 extruders per annum, with the likelihood of quadrupling in the next five years. PVC and other material availability is also not expected to be a problem as the Finolex, Reliance and IPCL polymer units are slated for

commissioning by next year.

Padmatex is therefore confident that the machines will have a good market. It will, however, not be large as these machines cost between a high Rs.1.5 and 4 crore, unaffordable for the dominant small scale sector in the industry.

The production of extruders will start next year. But by having become the sales agent for Reifenhauser since late 1989, to set up extrusion plants on a turnkey basis, Padmatex is already familiarising itself with this market. In the first year of operations, Rs.3 crore have been contributed to the turnover by the sales agency. The latter is in fact, now slated to become another independent profit centre in the company.



At the paint shop: doing things to Russian specifications

There are major plans for the textile machinery division as well. As Schlafhorst is being supportive, Padmatex will soon phase out the 138 autoconer and start making the latest 238 model "Unlike other collaborators," says Misra, "Schlafhorst has given us the latest design within four years of being introduced." Meanwhile, Gujarat Textronics, a subsidiary company — of which Padmatex owns 75 per and Loepfe, a Swiss company, the balance — which makes yarn clearers, an electronic accessory for autconers, is now busy developing a new set for the new model.

The 238 is scheduled for marketing by end 1992. So is an equivalent autoconer FLMW's Textool, which is going to manufacture them in collaboration with Savio. Finally, Padmatex will face competition in autoconers from a local company. However, this intrusion is not considered a threat. Says Datar: "The market will initially get divided. But with more players the market will also grow faster." But competitors have a different opinion. "One can't say all their products are excellent," says one. "Their drawframes are better than LMW's. But unlike LMW, Padmatex's quality of manufacturing is not consistent."

Import level to be controlled

To be price competitive right from the start for the 238, Padmatex wants to keep the level of imported components on which a 40 per cent duty is levied, as low as possible. This is required since Padmatex's past record in this regard has been dismal. Says an industry observer critically: "Padmatex has just not bothered to indigenise rapidly." Says one south-based competitor, "More than 50 per cent of the components are imported. So even if they are exporting to a rupee trade country, there are net foreign exchange outgoings." Indeed, in 1983-84, the imported component content was 99.23 per cent and, up to 1989-90, was still 77 per cent.

"Earlier," explains Datar, "due to unsure demand and the company's poor performance, indigenisation was neglected. And recently, the large Russian orders necessitated higher imports as our factories could not keep pace with our delivery schedules." In 1990-91, however, Khanna says 50 per cent indigenisation has been achieved, and efforts are underway to reach 30 per cent. For the new machines, though, says Khanna, the import content will initially be 60 per cent and then progressively reduced.

Once the company indigenises, the potential to export spare parts also improves, especially for the 138, which Schlafhorst has stopped manufacturing. The margins at 40 per cent are good. In 1990-91, spare parts contributed Rs.3.5 crore to the turnover, and Khanna subsequently sees this figure multiplying to Rs.10 crore in another two to three years.

Rejection rate slashed

Khanna, who has wide ranging experience in engineering, having worked at Hindustan Motors, Telco and Ruston Hornsby, is determined to attain German efficiency within the company. Major attention is being paid to quality control and the optimisation of resources. The reject rate of components manufactured in-house, says Khanna, has plummetted from between 15 and 20 per cent to 1 per cent in the last one year. "It should soon reduce to decimal figures," says Khanna, who also plans to get quality accredition from some international agency for Padmatex soon.

Helping Khanna to monitor quality is M. Krippendorf, a German, who is a representative of Schlafhorst and is also in charge of industrial engineering and investments. He says, "With more or less existing manpower and machines, we have nearly doubled productivity in the last two years. But there's a lot more scope for improvement and the pace must be faster."

In 1990-91, Padmatex expects to announce a turnover of Rs.72 crore. But Khanna maintained a cryptic silence on profits and a maiden dividend. Once quoting below par, the Padmatex scrip is currently priced at Rs.54 (19 April). As for the future, growing at the rate of 30 per cent, Padmatex plans to cross the Rs.100-crore mark in 1991-92 and Rs.150 crore by 1995. Thereafter, once the new projects fall into place, an annual growth rate of 20 per cent is projected. Then, the share of autoconers is expected to be 70 per cent of turnover, with the rest contributed by the other products. Khanna's ambition is to introduce one new product every year. The foundation for rapid growth is being meticulously laid, so the targets should not be difficult to achieve for Padmatex.

■ INDIRA KHANNA

KEVENTER AGRO LTD

Road to revival

A Calcutta-based businessman has managed to rope in the West Bengal government, NDDB and Viren Shah into the revival of this famed 100-year-old company

On a pleasant Sunday recently, Barasat, a small town 40 kms outside Calcutta in the North 24 Parganas district of West Bengal, was the destination for a big convoy of VIP cars carrying the likes of the noted industrialist and MP Viren J. Shah, and his son Sukumar, the National Dairy Development Board (NDDB) chairman V. Kurien and West Bengal chief minister Jyoti Basu. The occasion: the formal inauguration of the Dhara oil packaging plant that Keventer Agro Ltd, a Viren Shah company, was setting up in collaboration with NDDB. Soon after that, the chief minister also laid the foundation stone at the same site for a milk dairy that was being set up jointly by the West Bengal Cooperative Milk Producers' Federation Limited, NDDB and Keventer Agro Ltd.

The event is significant for three reasons. First, the milk dairy, which will cater to Calcutta's needs, is the first in the joint sector in the country; second, this is Viren Shah's first foray into West Bengal, something that he had been working on for some time; third, and most important, it symbolises the rejuvenation of the Keventer brand name. For over a 100 years, till recently, Keventer had been synonymous with quality milk and meat products in the eastern part of the country.

Royal history

The company was originally promoted by one Edward Keventer around the eighteen seventies and was eventually sold to the King of Nepal. The latter, in turn, gifted it to the royal family's English teacher Animesh Chandra Chowdhury. Chowdhury, a good teacher, turned out to be a poor businessman. The company gradually fell sick and by 1973 its operations came to a standstill.

And then came Mahindra Kumar Jalan, a Calcutta-based steel trader, who saw a lot, not only in Keventer's century-old goodwill but also in its vast real estate holdings in and around Calcutta. Jalan bought the company over for around Rs.1 crore in 1985 and then asked his friend Viren Shah to pick up a 50 per cent stake in the rechristened Keventer Agro Ltd. Says Sukumar Shah, now a director of the company, "We invested in the venture because we were keen to get into the food processing business. And more importantly, it is very difficult to start new ideas in food — very few of the new brands launched recently have succeeded. What we have here is an established brand name."





Photos by Goutam Chatterjee

Dhara edible oil: unique tetrahedron packs and* (inset) *Sukumar Shah

Keventer Agro's first project was to acquire the manufacturing, packaging, and marketing franchise for Frooti, the mango drink, for the eastern part of the country. In technical collaboration with Tetrapak Sweden, Keventer set up the aseptic packaging plant in 1989 of 16 million litres or 1.7 million cases a year. The total investment was Rs.8 crore, of which Rs.2.5 crore came as a long-term loan from financial institutions. Frooti's total turnover in 1991 has reached almost Rs.10 crore and this is an increase from last year's Rs.8 crore.

The Dhara oil packaging station with a capacity of 50,000 tonnes a year, was set up at a cost of Rs.80 lakh in collaboration with NDDB's Hyderabad-based packaging subsidiary company, Hindustan Packaging Company Ltd. It also uses the Tetrapak technology and packages the oil in tetrahedrons. "This is the first time in the world that edible oils are being packed in tetrahedrons, which is comparatively inexpensive," says Sukumar Shah.

Record time

Shah takes pride in the fact that the oil packaging project was completed in a record time. "We started work towards the end of May 1988 and it was completed by June 1990. Operations began in December 1990, though the formal inauguration was in March 1991," he says. By August or September this year, the plant's capacity will be doubled to 100,000 tonnes a year, at a cost of Rs.1 crore.

In a sense, Keventer's Calcutta metro dairy project will be a throwback to old times when milk was the company's main

line of business. The Rs.3-crore equity of a new company that has been formed, called Mother Dairy Ben Milk Keventer Ltd, is divided between Keventer Agro (43 per cent), West Bengal Milk Producers' Federation Ltd (47 per cent) and NDDB (10 per cent). The dairy, which will become operational in two years, will cost Rs. 30 crore to set up. With a capacity of 400,000 litres a day, it will be as large as Mother Dairy, which now supplies milk to metro Calcutta.

This is the first time that NDDB has agreed to set up a dairy in the joint sector in the country. And R.S. Gill, NDDB's eastern regional director, does not see anything special in selecting Keventer. He says, "We are tying up with Keventer because the West Bengal government wants us to."

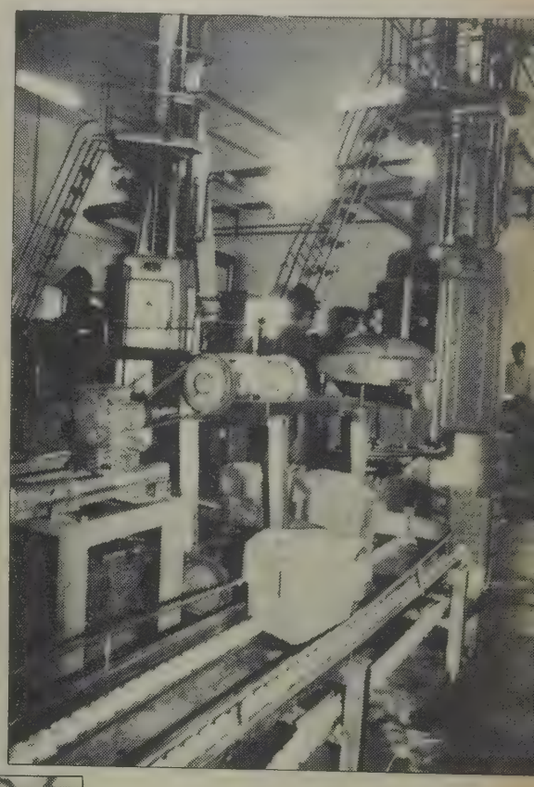
Keventer is now also involved in setting up a tomato processing unit at Purulia, also in West Bengal, for which the Jyoti Basu government has provided a 10-acre plot of land. "Here we will produce tomatoes and process them into pastes meant for exports", says Mahindra Jalan. Agrocultivation will gradually be expanded to Barasat as well, where Keventer owns a sprawling 100-acre property.

Farmers' co-operatives

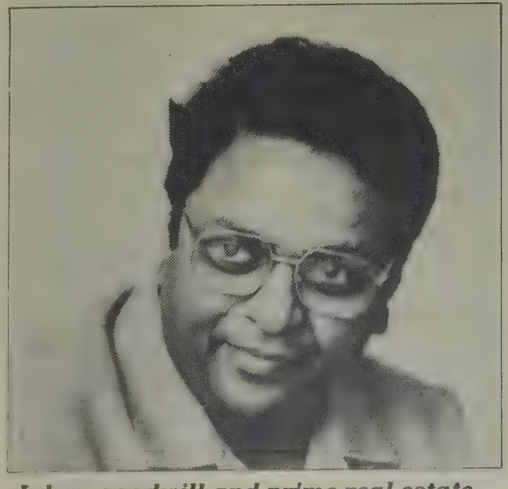
"We have already launched pilot horticultural projects in this place at a cost of Rs. 5 or 6 lakh. We have produced tomatoes, capsicum, potatoes and even strawberries, among others. If this proves successful we will start intensive agrocultivation," says S.C. Ghosh, Keventer's consultant for agricultural projects. Keventer will gradually promote farmers' co-operatives — in and around Barasat — from whom it will be assured a steady supply of vegetables for food processing ventures.

Says Jalan, "Keventer plans to use the latest farming techniques to grow, pick, sort, process, preserve, pack and distribute fruits and vegetables. Our farm will form the nucleus for developing and supporting the farmers' co-operatives — sharing technology, supplying seeds, imparting training, and also buying back their produce." Adds Shah, "The future lies in food processing.... Before it became fashionable to talk about food processing we were talking of getting into the area and had identified food packaging and processing as a major growth area... I think I will be proved right."





Frooti being despatched; **(inset)** ***Dhara oil plant: set up in record time***



Jalan: goodwill and prime real estate

And Keventer, no doubt, will not be strapped for cash when it seeks to implement its promoter's ideas. The company's real estate holdings would be anyone's envy. It owns 100 acres of land just outside Calcutta, has a 30,000 sq-feet godown on Marquis Street, bang next to Calcutta's prime New Market area. On the adjoining Lindsay Street, is another godown of area around 3,500 sq-feet. In the northern part of the city on Gopal Mukherjee Road, the company owns another 50,000 sq-feet of land. And Jalan clearly states that the plan is "to sell some of the properties to generate funds for upcoming projects" On the block currently are the Marquis Street and the Gopal Mukherjee Road properties, which are said to be collectively worth around Rs.4 to 5 crore.

With Viren Shah as his partner and the solid backing of the West Bengal government, there is no doubt that Jalan will go very far with the 100-year-old Keventer Agro.

■ KAVERI MITTRA

RBI CREDIT POLICY

Another damp squib

The announcement of credit policy every six months has become routine. This time, for the Reserve Bank of India (RBI) the conservation of foreign exchange reserves weighed on it as gravely. The balance of payments position being highly volatile, the credit policy had to necessarily "manage short term" as the RBI says in the policy announced on 12 April. Though the policy is seemingly for the next six months, mid-term measures can well be expected.

Over the last decade, the emphasis of RBI's credit policy has been on "controlled expansion" or mopping up excessive liquidity and curbing inflationary pressures without hampering economic growth. Yet, the liquidity overhang and the consequent inflationary pressures have always persisted, thanks to the government's continued borrowing from RBI.

Last year's experience confirms this again. Net RBI credit to the government increased from Rs.13,031 crore in 1989-90 to Rs.13,594 crore in 1990-91. This, together with factors such as the Gulf war, have almost negated the RBI's efforts to control inflation. Despite contained growth in M3 expansion (from 19.6 to 14.9 per cent), even this year inflation in terms of WPI shot up from 8.7 to 11.6 per cent.

New mechanisms

What is refreshing in the new credit policy, however, is that the RBI has resorted to non-traditional measures to curbing liquidity. Instead of CRR and SLR it is using other mechanisms such as interest rates, credit deposit ratio and restricted refinance facilities. The shift could perhaps be for the reason that any further increase in CRR/SLR would have strained banks' profitability and attracted IMF/World Bank wrath. The question is: how far will these measures succeed?

"To contain very high inflation through moderation of demand" the RBI raised the rate for deposits of over three years and above from 11 to 12 per cent. By giving bank deposits near parity with other savings instruments, the measure is expected to bring more funds to the banking channel and mop up liquidity. Yet, in the long run, it is unlikely that banks will be able to attract more funds as the other savings instruments with their higher yields and fiscal benefits still keep their advantage over bank deposits. Confirms a senior banker, "This will result only in some shift of deposits within the banking system."

Nevertheless, bankers welcome the reversal in RBI's stand on medium term deposits. It may be recalled that in 1987 the RBI had abolished this category of deposits arguing that to grant cash credits banks do not need such long term funds.

On the other hand, to curb the demand for credit the minimum lending rate has been raised from 16 to 17 per cent on limits of over Rs.2 lakh. As was expected, the industry has resented the hike. Yet, says an observer, the 1 per cent hike is "more symbolic, as most of the corporate borrowers are in a position to bear an additional 1 per cent cost". Besides, given the developing stage of the Indian economy, borrowers at any cost will need credit. Adds a banker, "Most of them may pass on the cost to the final consumer" which will result in higher inflation.

Curbing credit

Another attempt to curb credit in the new policy is by way of reducing the incremental non-food credit deposit ratio from 60 per cent last year to 45 per cent, which means for every fresh Rs.100 deposit, banks will be able to loan out only Rs.45.



RBI headquarters: a routine exercise

Says a banker, "Given the 53.5 per cent pre-emption through CRR and SLR, banks were anyway not lending more that 45 per cent of their resources." In fact, non-food credit (credit to the industry) expansion was considerably lower during 1990-91, both in absolute and relative terms, because of the slow growth of the economy and industry. The RBI too admits that the "increase in non-food credit is misleading" on account of the debt writeoffs by commercial banks.

As against this, food-credit rose sharply by Rs.2,500 crore as compared with Rs.1,237 crore last year. Says an observer, "It is high time we took some bold steps on the food supply side." To keep food prices under check, the RBI has so far kept the cost of food credit low.

On the BoP front, the credit policy has two measures to boost export credit. First, export credit has been kept out of the non-food credit-deposit ratio. Along with the introduction of the two-tier export refinance formula which will give additional refinance to banks for export credit, this measure is hoped to make export credit attractive. Under the two-tier export refinance formula, banks will get 100 per cent refinance against the fresh export credit and 50 per cent of the existing export credit.

The RBI hopes that this will enable banks to cater to the increased credit requirements of the export sector without facing any short term resource constraints, while at the same time building up a long-term resource base of its own. But bankers doubt this. Pre- and post-shipment credit rates are 7.5 and 8 per cent respectively. When the lending rate is 17 per cent, export credit is unattractive to them except for the ancillary business that it brings in — letters of credit or foreign exchange earnings.

Yet, as one banker suggests, attractions such as tax exemptions for banks' income from export credit or redefining priority sectors to include exports, yield much better results on this front. There are also the routine announcements on selective credit control; of restricting credit for speculative purposes in the new credit policy.

Perhaps realising it can't do much on these fronts except for minor tinkering, the RBI too has dwelt more on liberalisation in the money market.

■

POONAM CHAWLA
with ALPANA KILLAWALA

NEW CREDIT POLICY

Moving the right way

The latest credit policy contains two pleasant surprises for those who have short time investible surpluses. They can now directly lend these surpluses through the Discount and Finance House of India (DFHI) in the money market or be part of the money market mutual funds (MMMFs) and reap the benefits from it. Even though the Reserve Bank of India (RBI) is yet to come out with detailed operative guidelines on the MMMFs, the broad framework as given in the new credit policy is indicative of the RBI's willingness to ultimately let the demand and supply forces determine the interest rates in the money market.

The RBI seeks to achieve this objective by permitting more players in the market who will naturally bring in more liquidity and thus help soften the rates and quicken turnover of the money market instruments.

Not that MMMFs never existed in India prior to this. Cangilt, started by Canbank Mutual Fund in the late eighties, is a scheme which is meant for investing in government securities and public sector bonds. The SBI Mutual Fund too had, in the recent past, approached the RBI with a request to allow it to operate a money market mutual fund. The RBI, at that time, had put the scheme on hold, and SBIMF is happy that the concept has now got RBI clearance.

Give more flexibility

The latest measures allow an entity with minimum lendable funds of Rs. 20 crore per transaction to participate in the call/notice and bills rediscounting markets, through the DFHI. Secondly, to bring money market instruments within the reach of individuals and corporate bodies in the private and public sectors, scheduled commercial banks and their subsidiaries will be allowed to set up MMMFs. These funds can, in turn, invest in short-term money market instruments like certificates of deposit (CDs), commercial paper (CP), 182-day treasury bills, rediscounting of commercial bills and call/notice money. However, in order to achieve the objective of these measures, the RBI will have to be more "flexible" in its guidelines for MMMFs, say the market players.

The policy has made it mandatory that lending entities have no outstanding bank borrowings before they enter the money market. The RBI's rationale here is understandable. In tight money conditions, the central bank does not want lenders to borrow cheap money from banks, to re-lend to banks again later through the call money market at higher rates. For, in a financial crunch, call money rates are known to have shot up to 100 per cent.

But then, will the RBI restrictions stop the corporate sector from entering this market? Even earlier, when the corporate sector was not allowed to participate in this market directly, it did make its presence felt in this closed market by entering through the backdoor — euphemistically known as portfolio management. The Unit Trust of India's 1964 scheme was used for cash management by companies. Hopefully, the strictures issued by RBI in January on portfolio management — of minimum one year lock-in period and banks maintaining a separate company account for this — will reduce the possibility of using this avenue for money market entry.



Kotak: "Private companies are denied access to money market"

A.S. Thiyagarajan, vice-president and area head (investment bank), Citibank N.A., points out, "The corporate treasury managers are so savvy today, they hardly keep any funds idle." And if they can directly lend in the market, through DFHI or portfolio management, why would they invest in MMMFs? Thiyagarajan also points out that the negotiating ability of a lender depends on the tenure and the amount of his lendable resources, which gets diluted if he is a part of MMMFs in which the returns are shared 'mutually'.

Access denied

The nil bank borrowing condition also indirectly denies private sector companies an access to the money market. Says Uday Kotak, managing director, Kotak Mahindra Finance Ltd, "There are hardly any entities in the private sector without outstanding borrowings from the banking system." Concurs A.A. Trivedi, finance manager of the cash rich CEAT Tyres Limited, "Even though this is largely true, consumer products manufacturers with quick sales realisation and consequent cash accruals may be able to invest through the DFHI." The cash rich public sector undertakings will in any case be DFHI's big customers. Though this is largely true, companies like Bajaj Auto or CEAT which are extremely cash rich or companies, which have mopped up money in a public issue using the call money market for a short-term parking slot, cannot be ruled out if the companies find a way to circumvent the CCI guidelines on this subject. Warns an investment banker, "While forming the guidelines, the RBI should dilute the stipulation about bank borrowings but be clear about who does it want to enter the market."

Under the broad framework of the scheme for MMMFs, lenders can invest resources in the funds in the form of negotiable/transferable instruments and MMMF deposit account. Repurchase is subject to a minimum lock-in period of three months and the size of investment is at least Rs. 1 lakh. Though as Rm. Venkatachalam, chief executive, Canbank Mutual Fund says, "High networth investors will get a good parking slot once the MMMFs take off."

Not all favour the three-month lock-in period. M.S. Verma, executive director (Mutual Fund), SBI Capital Markets, feels that this period must be gradually brought down to one month. In India the culture of trading short-term instruments is yet to take firm roots. It is generally seen that after investing in short-term instruments, funds managers prefer to hold them till maturity. And if repurchases are subject to a three-month lock-in period, tradeability of these in-

struments is bound to stagnate. This will reduce the velocity of funds.

On the other hand, if the lock-in period is one month — some bankers moot one day — secondary markets will become more active. This is so as the MMMFs will have to sell its instruments for financing repurchases. Of course, the three-month lock-in period will have its advantages too. As B.R. Acharya, general manager, Canbank Mutual Fund points out, "Knowing definitely how long funds are likely to stay with us, we will be in a better position to plan our investments and assure better returns to investors."

Market makers

Even if the guidelines retain the lock-in period at three months, bankers suggest the funds must be open ended so that there is a constant inflow of funds too. This, they say, will not dull secondary markets. Since in open ended funds, the lock-in period for certain amounts will expire on a daily basis, instruments will be traded to finance those repurchases. And as Verma puts it, "MMMFs will be the market makers and repurchasers."

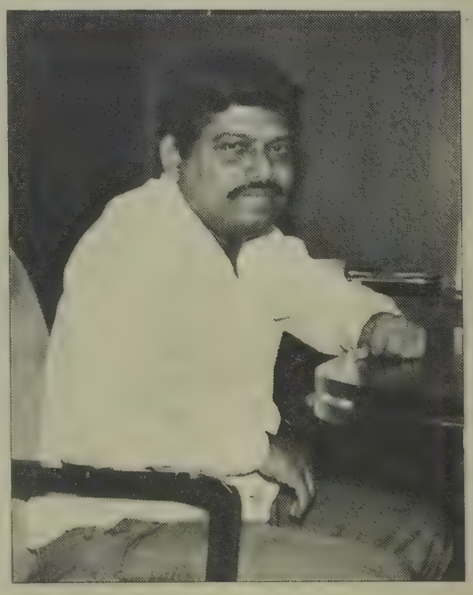
As investment in MMMFs would be in the form of negotiable/transferable instruments, it would mean that they can be traded and not necessarily be repurchased. This will then create a market for MMMFs' liabilities. On the other hand, the necessity for liquidity will force the mutual funds to trade in the assets (money market instruments) thus activating this so far dormant market. To enable the mutual funds to perform the role of market makers, however, the question of stamp duty will have to be sorted out first. Also, the presence of more instruments in the market will widen the scope of MMMFs to earn a better yield by spreading their portfolio. The present framework is silent about government securities and public sector bonds. Funds managers hope that in the final guidelines, the RBI will include these too.



Thiyagarajan: "Corporate funds do not remain idle"

To earn better yields, another funds manager points out, it is necessary to give freedom to mutual funds. The present framework specifies 20 per cent minimum investment in treasury bills and 20 per cent maximum investment in call money to ensure safety for the small investors. Says an experienced funds manager, "Call money is the highest earner among the various instruments. By limiting the MMMFs' investments in this area, the RBI has reduced their yield earning capacity." He adds that MMMFs should be allowed to freely invest as per their choice except for the treasury bills part.

The different instruments in this market have varying rates of interest and varying degrees of security. Treasury bills, for example, fetch only 9 per cent interest but are most secure. Call money is a high yielding investment but very volatile, the other instruments falling in between. The mutual funds will undoubtedly have a mixed portfolio of assets for safety and returns. The mutual funds thus expect the MMMFs to earn a return in the range of 10 to 12 per cent. Therefore, points out a funds manager in a foreign bank, "Units of different MMMFs will have different values, depending on where their funds are invested." Adds an investment banker, "The ratings of units of various MMMFs will have to be arrived at separately and for this disclosure of investments will be necessary." Or if units are traded on a regular basis, their price will have to be decided depending on the net asset value of the MMMFs' investments.



Dharmapal: "MMMF schemes do have an advantage"

Again, it is not very clear whether even those banks which do not have a mutual fund subsidiary will be able to operate an MMMF; and if they are allowed to, the manner in which they will operate. It is obvious though, that all banks and even all bank subsidiaries may not be able to operate MMMFs very efficiently. Says Verma, "Being very technical and needing day-to-day management, everybody will not be able to run MMMFs successfully." Also, as the RBI has fixed a ceiling on mobilisation of funds through MMMFs, (a bank or a subsidiary could mobilise funds equivalent to 1 per cent of its aggregate deposits), small deposit base banks will be prevented from entering the market. Says a funds manager of a small bank, "It will not be viable for us to operate on a small liability portfolio."

The new concept of MMMFs is likely to compete with the Unit Trust of India's 1964 scheme. Although competition is always welcome, funds managers argue that the competition here may not be realistic. Says K. Dharmapal, managing director, Fairgrowth Financial Services Limited, "Unit Trust's scheme has a minimum lock-in period of three years. If an investor liquidates his investment before this time he has to bear capital loss. In this sense, the MMMFs' schemes will definitely have an advantage." On the other hand, the fiscal benefits that go with UTI schemes will give it an edge over the MMMFs' scheme unless the government extends this benefit to MMMFs too.

The credit policy only gives a broad framework and specific guidelines have yet to be worked out. But the move of widening markets is a step in the right direction. Banks are optimistic and foresee in the near future the concept of floating interest rates emerging. That is, tenure and amount of funds will decide the rate. Of course, the money managers still see only the money market instruments getting a fillip, whereas the call money rates will take some more time to stabilise. ■

GEORGE ALBERT
and ALPANA KILLAWALA

The selling of politics

Politics and money make strange bedfellows. Yet, some of the country's advertising agencies seem entirely comfortable with this mix. About half a dozen of them are vying to help political parties carry their messages to the people for the general election 1991, each yearning for a share of the Rs.100 crore that the political parties are expected to spend. But it won't be a cakewalk. As an ad executive puts it, "Election 1991 may be the toughest product that we may have sold yet."

And advertising will play a crucial part in influencing that section of the electorate that is still undecided about their vote. "The three main competing parties have approximately the same level of influence and there is every possibility of a close finish. Good advertising in such a situation can easily swing fortunes," says a political analyst. Advertising also helps to create greater electoral awareness among the masses. "We hope to educate people about the need to be cautious with their votes," says Harish Kapur of Impact Advertising, the agency which handles the Janata Dal campaign.



More sensitive

Designing a political campaign is not very different from introducing a consumer product. "Just that the common denominator of communication is lower down among the masses," says Megacorp's Sudhir Lal who is pitching for the Congress (I) account. Also, all campaigns are visualised in Hindi and later translated into English. Advertising for elections does demand more sensitivity. Especially when handling the religious issues one has to tread very carefully, "antagonise neither the Muslims nor the Hindus and yet get the message across," says Ved Paul, chief executive, Graphisads.

Audio-visuals are expected to replace print as the primary medium to carry the political message, as the scramble for mobile display vans indicates. The Congress (I) will use, for instance, Simi Garewal's film on Rajiv Gandhi and another that is being made by a Bombay agency. The Janata Dal is shooting two, one on secularism and the other on equality and social justice, while the Bharatiya Janata Party (BJP) already possesses footage of Ayodhya.

Leading the advertising hype will undoubtedly be the Congress (I), apparently influenced by its American returned advisers — Sam Pitroda and Rajiv Desai of Indian Public Affairs Network (Ipan), Hindustan Thompson Associates' public relations unit. It has bypassed Rediffusion, the agency that designed its 1989 election campaign this time, preferring a consortium of four agencies — Megacorp, Graphisads, Basic 4 and Aaj — to manage its publicity. "Pooling ideas seems the safer strategy," explains a Congress (I) spokesman. The chosen four are supposed to share a campaign budget of Rs.28 crore though party insiders say it could go up to Rs.50 crore.

The campaign strategy will be slick but subdued. No aggressive selling, no catchy slogans, no big promises and no attempts to raise controversial issues. The emphasis will be on the need for stability and the ability of the Congress (I) to fulfil that need.

The inspiration of this strategy comes from the American Presidential election (Kennedy vs Nixon), 1960. Kennedy had swept the polls with a slogan that had a positive appeal — vote for the government that will get America on the move again.

Graphisads will re-run Congress (I)'s 'onion' campaign that was successful in 1979. According to chief executive Ved Paul, "We've refrained from a negative campaign because there really is no combined opposition to discredit, like in 1979. All that we will do is emphasise the positive aspects of voting the Congress (I) back to power."

Not far behind

If the Congress (I) is leading the advertising blitz, BJP and Janata Dal are not far behind. Madras- based R.K. Swamy Advertising is designing the BJP's publicity. Rashtriya, a small advertising company, will prepare its hoardings.

Rajmohan Gandhi, who is managing the publicity for the Janata Dal, however thinks that advertising will not significantly influence voting. "The issues are fairly clear: we stand for Mandal, the BJP for the *mandir* and the Congress (I) for really nothing. Their stability is merely a slogan, not really an issue," he says. The Dal has a modest advertising budget — less than Rs.10 crore. Three agencies are handling their account — Sanmarg Publications, Impact Advertising, and Associated Ads. Much of the work is done by volunteers like cartoonist R.K. Laxman and documentary film-makers, Vijay Borker and Suhasini Muley. And their film will be as powerful as BJP's on Ayodhya, says a Dal spokesman.

Most agencies exhibit some aggression, and are gearing up to 'take them on headlong'; but many in the ad world feel that all this is too much hype. Political campaigns is a good way to sell the agency itself, get mileage, make money and get out. "It's a short-term activity and other clients tend to suffer," feels Ishan Raina, executive director, Contract Advertising. It is precisely for this reason, says Mike Khanna, chief executive, HTA, that "We don't take on political accounts as a policy. We believe in long-term relationships." And, in this field, though the bucks are big, they can disappear as quickly as they're made. ■

ARIF SHARIF with
REENA PATNAIK RAO in Delhi
and NEERU NANDA in Bombay

FORGINGS

Government's wet blanket

Exports of forgings, which had shown an unprecedented growth rate of almost 200 per cent during the last five years, are likely to face a setback this year. In all likelihood, there will be a decline this year of about 35 per cent from last year's figures. Says Yogiraj Makar, managing director of Amforge Industries, the second largest exporter of forgings, "As against last year's (1989-90) exports worth almost Rs.14 crore, we won't even reach Rs.5 crore this year." Adds Vinod Doshi of Eckjay Industries Pvt Ltd (annual turnover: Rs.40 crore), "Last year, we exported forgings worth Rs.6 crore. This year, we'll be lucky if this figure touches even Rs.2 crore."

Exports of forgings, which was declared a thrust area by the government, have shown an almost eight-fold rise between 1985-86 and 1989-90 from Rs.5 crore to Rs.39 crore. But now, at a time when the country faces its worst foreign exchange crisis, the export earnings is expected to fall far short of the $60 million achieved last year.

The reason, according to exporters, is the lop-sided policy of the government that was introduced early last year. In a circular dated 26 February 1990, the government modified the International Price Reimbursement Scheme (IPRS) for engineering exports by fixing a minimum value addition ranging between 25 and 33 per cent over and above the value of iron and steel content at international prices.

As the domestic steel price is higher than the international price, IPRS was introduced to improve the international competitive ability of Indian engineering exporters. This meant that a company wishing to export engineering goods would get the difference between the international and domestic prices of steel — which is the raw material — reimbursed by the government, so that their price could be made internationally more competitive.

Prior to the introduction of IPRS, exporters were entitled to REP licences which were worth 40 per cent the FOB value of the exports and 15 per cent cash assistance. But, to avail of IPRS, the exporter had to forego the right for REP licence. "So now we not only have to forgo our right to REP licences, we also have to put up with 33 per cent value addition," complains Doshi.

It is this 33 per cent value addition that has drastically reduced the export potential of the forging manufacturers. Says K.N. Nairi, manager of Eckjay Industries, "For other engineering goods, where raw materials are used to make a different product, achieving a 33 per cent addition in value is extremely easy. In forgings, however, it is almost the raw material itself that becomes the final product. With countries like Italy and Korea (where the value added could be as low as 3 per cent) in the market, how can we ever compete internationally with this 33 per cent mandatory value addition?"

Most Indian firms cater to the lower end of the forging export market where sales realisation is less than a dollar per kg. Says Makar, "Over a period, we develop some long term clients who place orders with us in hundreds of thousands extended over a period of time. Sometimes, we may even have a negative value addition. But it is at the end of the year when one should take stock of the total realisation. Now every item that we export has to have a 33 per cent addition. It has become impossible to compete."

Some not affected

However, not all exporters are left with the short end of the stick. Bharat Forge, the country's biggest forging giant seems unfazed by the new regulation. Says Baba Kalyani, managing director of Bharat Forge, "The 33 per cent regulation is not going to affect us at all. We were already adding 50 per cent and more value to our forgings export. It is only those making smaller forgings who may be adversely hit."

Industry sources confirm that Bharat Forge, which is making crank shafts and other bigger forgings, will not be badly affected. In fact, Makar of Amforge was recently on a ten-day trip abroad to explore the market for crank shafts and other higher value added forgings.

Meanwhile, in November 1990, ostensibly to encourage exports to hard currency areas, the government had asked for a 230 per cent value addition for exports to the USSR. While it is true that the country needs as much foreign exchange as it can garner, it is also true that not much thought has been given to individual companies. As Vinod Doshi says, "Along with the dry, the green also burns." As a prescriptive measure, exporters suggest reimbursement of the difference in prices of steel in proportion to the value added for exports. "Then everyone will be happy," quips Makar.

■ SHEKHAR GHOSH



Most forgings units are left holding the short end of the stick

In the name of God

The series of judgements in the Bombay High Court under the Representation of the Peoples' Act — culminating recently in the setting aside of the election of the Shiv Sena Bombay MLA, Suryakant Mahadik — have had considerable political repercussions, even though the judgements may not have too much significance in a legal sense.

The law on this subject is well settled by several leading Supreme Court judgements on the interpretations of the relevant section (Section 123 (3) and (3A)). The two leading judgements on this section are Kultar Singh vs Mukhtiar Singh (AIR 1965, Supreme Court, Page 141) and Z.B. Bukhari vs B.K. Mehra (AIR 1975, Supreme Court, Page 1788). The first judgement deals with the conduct of an Akali Sikh candidate who advertised in posters that every Sikh vote should go to the representative of the Akali Dal to preserve the honour of the Panth.

Chief Justice Gajendragadkar in his judgement had to deal with the fact that the candidate was a member of the Akali Dal party..... "This party is recognised as a political party by the Election Commission notwithstanding the fact that all of its members are only Sikhs.....So long as law does not prohibit the formation of such parties and in fact recognises them for the purpose of election and parliamentary life, it would be necessary to remember that an appeal made by candidates of such parties for votes may, if successful, lead to their election and in an indirect way, may conceivably be influenced by consideration of religion, race, caste, community or language. This infirmity cannot perhaps be avoided so long as parties are allowed to function and are recognised though their composition may be predominently based on membership of particular communities or religions".

The judge felt it important that in such cases the court should be careful in reading the impugned appeal and not attributing any more than was warranted in the circumstances.

The other leading judgement concerns the extremely bitter assembly election campaign between the Muslim League candidate Ziauddin Bukhari and the late Shaukat Chagla, the Congress candidate in South Central Bombay in the late sixties. In that election Bukhari had made a number of inflammatory speeches, asserting that Islam was in danger, and that Chagla was a proto-Hindu who had married a Hindu and believed in cremation. Justice M.H. Beg cited Maitland to the effect that a secular state had to ensure, through its laws, that the existence or exercise of a political or civil right or capacity to occupy any office or position under it.....does not depend upon the profession or practice of any particular religion. Therefore, candidates at an election to a legislature, which is a part of the state, cannot be allowed to tell electors that their rivals are unfit to act as their representatives on grounds of their religious professions or practices.

The significant fact about both these judgements is that they dealt with the alleged communalism of two minority communities, Sikhs and Muslims. The significant feature of these judgements is not just that they deal with the communalism of the majority community but that the particular campaigns appear not to be an isolated campaign by a particular candidate but a policy by a political party, the Shiv Sena, to encourage communal strife and enmity. The campaign is no longer directed against a rival candidate but a particular community for the purpose of consolidating its electorate. The BJP have been more circumspect in their campaigning, leaving the inflammatory speeches to the VHP representatives.

The real question is whether this section, 123(3) and (3A) of the Representation of the Peoples' Act, serves any purpose? The Bharatiya Janata Party leader, L.K. Advani, would argue that this is a vestige of pseudo-secularism, that if minorities can organise parties around their particular religion or ethnic character why can't the majority? The Shiv Sena supremo, Bal Thackeray, has already suggested that the Sena cannot expect to get justice in the court and that his party would go all out to defy this restriction.



Pradeep Chandra/I. Weekly

Thackeray and aides: defying the code

A more sophisticated argument would be that this defiance should be seen in the context of all acts of political corruption. Why should a communal campaign, for example, attract legal penalties when all manner of monetary corruption goes on undisturbed? This argument can be answered by saying that the fact that monetary corruption goes on unchecked is no reason for not enforcing the restriction on inciting caste and communal hatred.

Unstable situation

In any case, the issue is not just whether we believe in a secular state — though such is the mandate of the constitution — it is whether we want public order at the time of elections. For very sound reasons, it has been decided that given the highly charged atmosphere in which our politics are conducted it would only serve to excerbate a highly unstable situation to permit politicians to bring religion into electioneering, particularly to denigrate and abuse a particular community. Ultimately, for those votaries of *Hindutva*, pride in religion and culture need not necessarily amount to wholesale denigration of another religion or cultural tradition.

Perhaps, in view of the trail of bloodshed provoked by L.K. Advani's *Rathyatra*, it may be pertinent to consider applying the restrictions imposed under the Representations of the Peoples' Act to public order situations in the normal course, maybe even banning politicians from standing for elections who seek to vitiate the communal situation through inflammatory speeches. While there are sufficient provisions for using the various public order legislations against politicians bent on communalising a situation, these laws are selectively enforced, owing to political factors. Given the disturbing communal situation in the country, there is, perhaps, warrant for seriously examining the somewhat artificial distinction between election times and normal times.

■ JAVED GAYA

WORKSTATIONS

Muscling into the market

The demand for technical workstations — high performance microcomputers — has surged despite the conditions of slack demand in the computer industry. At a conservative estimate, the total sales for workstations during 1990-91 is about Rs.80 crore, a growth of almost 45 per cent over the previous year. Individual companies have reported mixed results with growth rates ranging from 82 per cent to none. As a result, vendors have started entering this niche and existing ones have beefed up their products. All plan to enlarge their share of the market.

Technical workstations have hardware and software components. Vendors provide software that adhere to industry standards: the operating system is Unix from AT&T. The graphics systems software used to control graphics processing and create graphics applications are called the graphics kernel systems. The software is used to design integrated circuits, for mechanical CAD, electronic design automation, architectural engineering and construction. Vendors who provide only software solutions include McDonnell Douglas (with TCS — Tata Consultancy Services), Computer Vision (with International Data Management) and Mento Graphics (with HCL Ltd) and the ubiquitous AutoCAD (from Hinditron).

Mainframe power

The hardware is specially designed to handle these demanding and complex applications, including their intensive graphic nature. The hardware incorporates special features. These machines provide a single user the computing power of a mainframe without his having to share his resources. Fredrick Moni of the TCS CAD/CAM department says, "All these machines have a computing power of 15 million instructions per second." In addition, they have a special graphics processor and very high resolution monitors. They use an operating system which provides an environment in which to develop new software applications.

Major international workstation vendors loom over the Indian market. Sun Microsystems has a manufacturing arrangement with Wipro Infotech; Hewlett Packard-Apollo with HCL Ltd and Hewlett Packard India; Silicon Graphics with OMC and Tata-ELXSI; and Digital Equipment with Digital Equipment India Ltd. As a result India is able to receive products which have just been released abroad.

Today, this segment is still nascent; a wide range of new applications exist. These include emerging markets such as computer aided software engineering, scientific research, management science, financial security portfolio management, econometrics, artificial intelligence and laboratory automation. Most vendors are busy drawing up plans to target these segments. Says Ashok Soota, president of Wipro Infotech, "Only a fraction of the solutions required by end-users are catered to. We plan to service the entire market with the large number of solutions available on the Sun workstations. Our strategy will involve value added resellers (VAR) to focus on these hundreds of segments."

The silver lining

Workstation sales proved to be the silver lining for the industry this year. HCL Ltd shipped Rs.35 crore worth of workstations during the year, 24 per cent over the previous year's figure of Rs.28.3 crore. PC-based workstations sold were worth Rs.9 crore and high-end workstations worth Rs.26 crore constituted the total. The other major vendor — Wipro Infotech — shipped Rs.23 crore worth of workstations, 82 per cent more than the previous year's figure of Rs.12.59 crore. Of this 175 were engineering workstations and 200 were personal computer-based workstations.

On the other hand, vendors who focus exclusively on the workstation market had a mixed year. OMC Computers, a pioneer in this segment, has reported sales of Rs.20 crore — 9 per cent over the previous year. It is rumoured that Tata-ELXSI will pick up a stake in the company in a bid to regain lost ground.

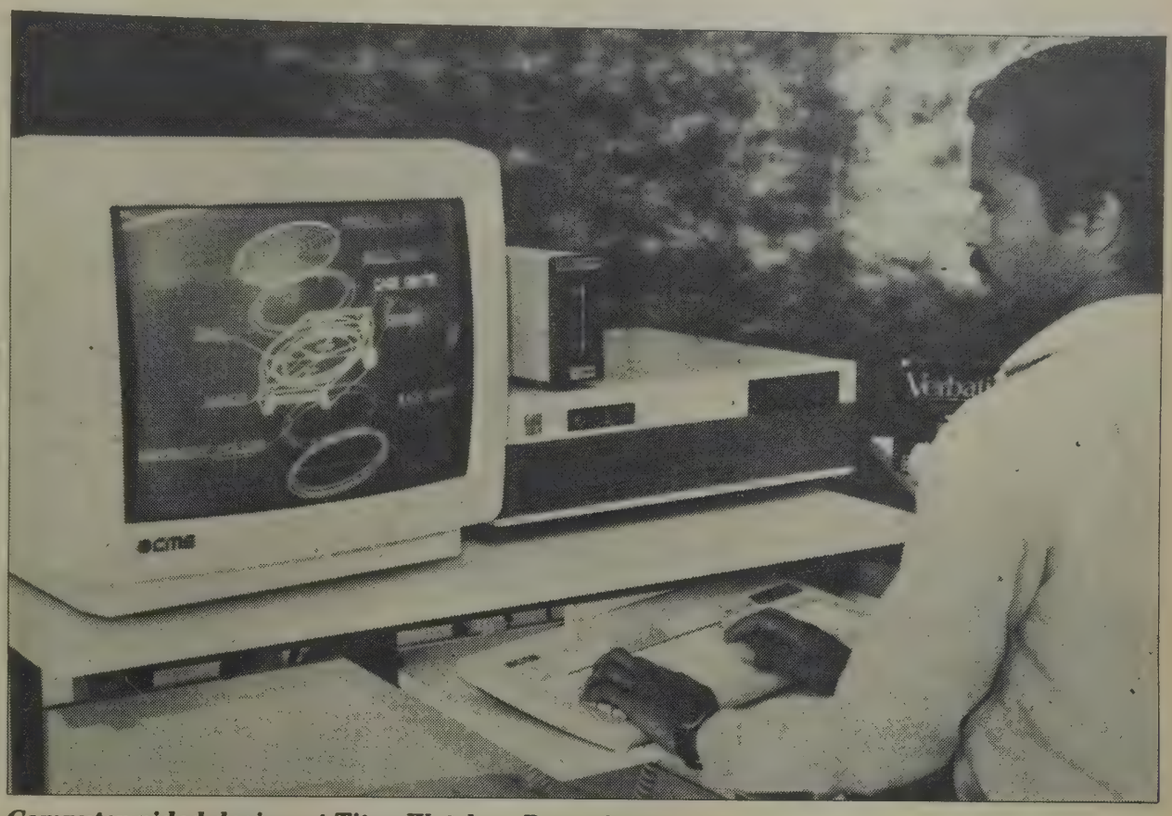
For Godrej & Boyce, the indigenous workstations manufacturer, the year has been static. Manu Parpia, vice-president of the computer aided design and manufacturing division, says, "Apart from a slowdown in demand we face a unique situation: we manufacture all the software ourselves whereas most buyers prefer the international brand names. We have not converted them." Rolta



Soota with his VP of CAD/CAM: "The market is young"

Computers ended their annual year on September 1990 with a billing of Rs.11.5 crore. Pertech Computers, a major PC vendor, launched their workstation in early 1990 but have apparently withdrawn it to reassess their strategy.

"The growth in this segment is higher than that of the industry's because the market is young and the base is very small," says Soota. The workstation segment has traditionally addressed the computer aided design, manufacturing and engineering (CAD/CAM/CAE) applications. The first serious attempt to create this segment started about four years ago. With most vendors entering about two years ago, Soota believes the current growth of 45 per cent is much lower than the potential of this segment.



Computer aided design at Titan Watches, Bangalore

Another reason for the growth, according to P.A. Vaidyanathan, vice-president of Rolta is that certain requirements are project oriented. Sanctions are made and these have not been affected. "But there is a slump in the normal market buying," he says.

Routes to the market

HCL Ltd's deputy general manager for the workstation segment, Yuvraj Bahadur, says, "In the year prior to 1990-91, people postponed decisions anticipating the arrival of new technology. Although this technology took a little longer in coming, orders which were postponed were placed during the year." For HCL Ltd the defence sector is sizeable and the company has received many orders from them.

Major vendors are taking different paths towards the same market. Wipro Infotech has gained considerable experience and knowledge in using VARs to address tasks like imaging, process control and specialised applications for foundries. It plans to add specialists in different fields to their growing ranks of value added resellers. The company's range starts from the lower end monochrome monitor workstations to the mid-range colour workstations and the powerful desktop SPARCSTATION and servicers.

HCL Ltd's foray into the workstation market hinges on the Hewlett Packard plan in the country. "When HP bought out Apollo in the US, they agreed to honour our arrangement for four years," Bahadur says. "This tie-up has helped us introduce the latest products into the country." The company provides specialised software on their range of workstations for such segments as shipbuilding, electronics and terrain mapping. Currently, HCL Ltd has decided to split and form a separate company with HP called HCL Hewlett-Packard which will manage the workstation business.

OMC's fortunes will be based on Silicon Graphics' plan for the country. If the tie-up between the American company and Tata ELXSI bears fruit, the high-end power series will be manufactured by them and the entire range of Silicon workstations in the country. Finally the Rolta Intergraph manufacturing facility is scheduled to go on stream in another month. The entire range of workstations and servers will be manufactured at this facility.

In addition to these companies, vendors who have not addressed this segment until this year have begun manufacturing these products. DCM Data Products has launched a SPARC (scalable processor architecture-based) workstation. Sterling Computers has announced its intention to enter this segment too. It won't be long before others announce similar plans.

The current year will see much action in the marketplace. More vendors in the fray will result in fierce competition and a drop in prices. B.V.R. Mohan Reddy, the managing director of OMC Computers, says, "The future for the workstation market is very bright. More powerful workstations will be available at very attractive prices." Rapidly advancing technology will result in a lot of changes such as the trend today towards personal workstations with the computing power of mainframes.

The demand for technical workstations is expected to grow. India's export thrust in the fiercely competitive world computer markets makes this tool indispensable. Jim Durcan, general manager (technical markets) for McDonnell Douglas, says, "The time to market and quality are two important criteria in the market. The time to market has collapsed tremendously in the international market. Workstations drastically reduce the time from the point an idea is created till the product reaches the markets. It also improves the consistency in the product."

The segment is widely expected to cross Rs.100 crore this year. The advantages workstations provide to automate the production process, improve the consistency of the product and reduce the time to market makes this an expensive but necessary tool for organisations.

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MINIMUM WAGES

Hasty decision proves costly

When the Biju Patnaik government decided to raise the minimum daily wage for an unskilled labourer in Orissa from Rs.11 to Rs.25 with effect from 1 July 1989, it was alleged that this was an exercise in absurdity. This makes Orissa the third highest wage-paying state after Punjab where the statutory minimum wage is fixed at Rs.33.30 and Haryana, Rs.31.65.

Such a hike was really uncalled for, especially when the last wage revision came in February 1989, during the tenure of previous chief minister, Janaki Ballav Patnaik. Also, there has been no pressure from labour organisations. Besides, the Janata Dal had made no such election-eve promises. Warned Ananta Narayan Singhdeo, the Janata Dal MP from Aska, "We are removing ourselves from the reality of the situation. Our backward economy cannot afford such a hefty hike in production costs."

Output poor

Though the state accounts for 10.76 per cent of the total land area under rice cultivation and 5.54 per cent of the area under foodgrains, it produces only about 1.85 per cent and 4.63 per cent of the total rice and foodgrains production. In comparison Punjab and Haryana, the two high-wage states, contributed about 10 and 5.5 per cent respectively of the total foodgrains production. These two states are well irrigated, have high yielding agricultural land, and can adopt multi-cropping systems. Orissa lacks all these facilities.

In a primarily paddy-producing state like Orissa where cultivation is highly labour intensive, the growth in wages has to be accommodated along with an increase in the procurement price. The government has fixed the support price of coarse paddy at Rs.185 per quintal. The president of the Orissa Krushak Mahasangh and a Janata Dal leader, Banka Behary Das, want the procurement price to be increased to Rs.307.50 in order to make paddy sales more competitive. However, the answer is not all that simple. In fact, jute cultivation in the state has virtually stopped because the support price has not been adequate. Further, if paddy prices rise, then cotton and jute prices will go up by about 50 per cent. This, in turn, will hit exports.

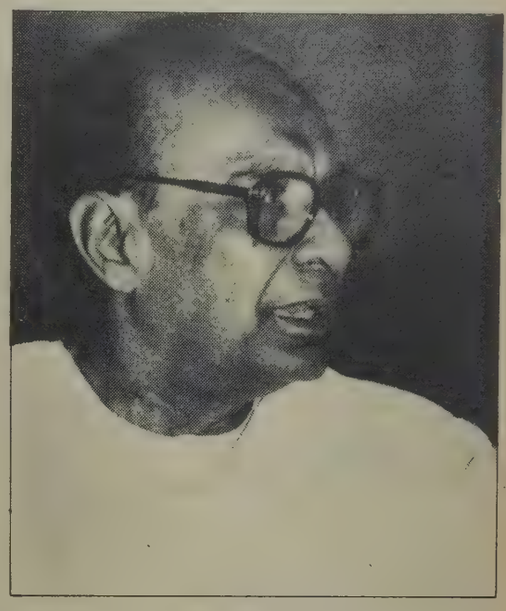
The government has been unrelenting in its determination to raise wages. Even the report of the Commission for Agricultural Costs and Prices, which had flayed the state government's decision on minimum wages and asked for its review so as to avoid "unintended distortions in the structure of agricultural commodity prices", was brushed aside. In its report to the Union government, the Commission had stated that if a daily wage of Rs.25 was to be paid, this might, by raising the production cost, escalate the procurement minimum support prices of all *kharif* crops by 50 per cent for the 1990-91 season.

"Whimsical decision"

Said Bhartruhari Mahtab, president of the state Krishak Sabha and editor of the second largest circulated Oriya daily, *Prajatantra*, "It has been a whimsical decision of the chief minister, Biju Patnaik. There was no cabinet discussion. The rural economy is heading for a collapse." In contrast, the government believes that a wage hike can encourage production while simultaneously providing relief to the landless labourers. Asks Prafulla Samal, minister of labour, "We had a minimum wage of Rs.11, or less, for so many years. Can we turn Orissa into another Punjab? Can that guarantee be given?"

Yet there is no evidence that the government's latest decision will galvanise the economy. The farmers can only pay more if the yield is more. It is important for the government to commercialise agriculture by "increasing irrigation facility, changing the cropping pattern, and diversifying the rural economy". The government should also increase marketing, credit facilities and rural investment in transport.

In the absence of such changes, the relationship between farmers and agricultural labourers has deteriorated due to what Banka Behary Das describes as "the deliberate and divisive tactics of the government". Meanwhile, as agricultural inactivity spread, farmers have started improvising. For instance, the villagers of Tainsi, 40 km from Angul town, have taken to community farming so as to avoid paying a minimum of Rs.25 as demanded by agricultural labourers.



Biju Patnaik: impulsive decisions

On the industrial front, the implementation of minimum wages, by the unnecessary boosting of the cost of production, made it difficult for local manufacturers to compete in the market. In fact, industrialists have been quick to take up the challenge and act in a collective manner. In a joint petition to the high court, the Utkal Chamber of Commerce and Industry, the Hotel and Restaurant Association of Orissa, and other small industries associations, have challenged the government order. The president of the Orissa Small Scale Industries Association, Nikunja Chhotrai, said that the association would neither be able to prevent small scale entrepreneurs from closing down their units nor restrain them from "stopping payment of loans and other government dues".

Artificial inflation

It will be foolish to assume that the migration of labour from Orissa to Punjab and other states will stop because minimum wages are no longer low. In Punjab, the green revolution created an increased demand for labour. This has not happened in Orissa. Rather, by artificially inflating wages, internal employment in the state has come down.

Simultaneously, a reverse migration could take place from neighbouring states where wages are low. Labourers in Orissa will then have to compete with the migrant labour that may move in from Andhra Pradesh where the minimum wages are Rs.11, Madhya Pradesh (Rs.11), Bihar (Rs.10), and even West Bengal (Rs.19.25).

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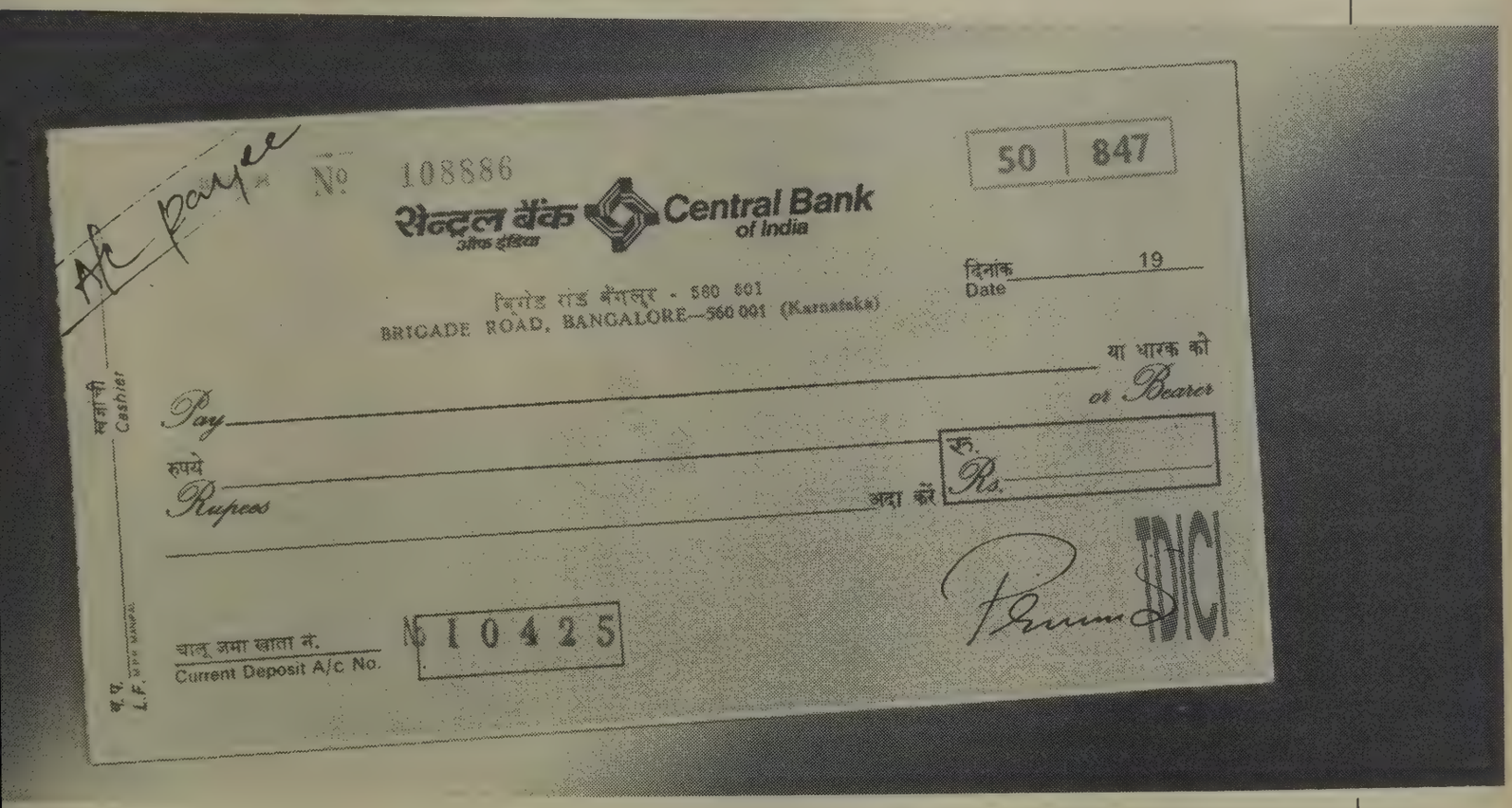
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Trying hard but.....

The process of industrialisation is a long tortuous one, even in the best of times. And for a state like West Bengal, where the process has regressed in the last two decades, it is twice as difficult. Especially with a state government which is virtually clueless about how to go about the process.

In the last two years, the Left Front government ruling the once troubled state has shed its ideological predilections and is now welcoming big business with open hands. This was amply demonstrated last year when, in the wake of the installation of the National Front government in the centre, the massive petrochemical project at Haldia was cleared. The project involves a partnership between the Tatas and the state government.

A few more large houses are venturing into the state like the Ambanis who are collaborating with the state government for a 25,000 tpa polyester filament yarn project. Viren Shah is setting up a milk dairy business and Ratan Tata has recently written to chief minister Jyoti Basu indicating his willingness to consider a proposal to set up a power plant, an export-oriented leather project and a telecom equipment manufacturing facility in the state. However, apart from these, nothing more is happening.

Nothing definitive

The state's industry secretary, Bikram Sarkar, when queried about his government's plans for industrialisation in the next five years said that the Eighth Plan was not finalised and therefore nothing was definitive. Though it is a fact that the Eighth Plan is not final, Sarkar's statements are at variance with industry secretaries of different states with whom *Business India* has spoken to in the last few months. Even in a trouble torn state like Punjab, the state government has already chalked out a clear plan for the next few years, not to mention states like Gujarat and Maharashtra.

Talks with Sarkar and other senior officials at Writers Building reveal that the state government has practically put all its eggs in one basket, Haldia. There is a feeling in government circles that the Haldia project — which envisages an investment of Rs.3,000 crore and promises to raise employment, directly and indirectly by 250,000 will trigger off a major process of industrialisation. The process will also be helped by the massive modernisation programmes for the steel plants at Durgapur and Burnpur which are now on the anvil.

But this perception is far removed from reality, a fact well recognised by the state's industrialists. Says Abhijit Sen, president of the Bengal Chamber of Commerce and Industry, "Haldia is being thought of as a be-all and end-all of everything. That is not true, it is not going to lead to *Ram Rajya*. Spending the kind of money that will be spent on Haldia will not *per se* create economic spinoffs, as is being envisaged. In fact, projects not properly conceived or planned can lead to negative spinoffs." However, Sadhan Dutta, chairman of Development Consultants Private Limited, and reputedly very close to Basu, says: "Haldia will certainly be a catalyst for many units."

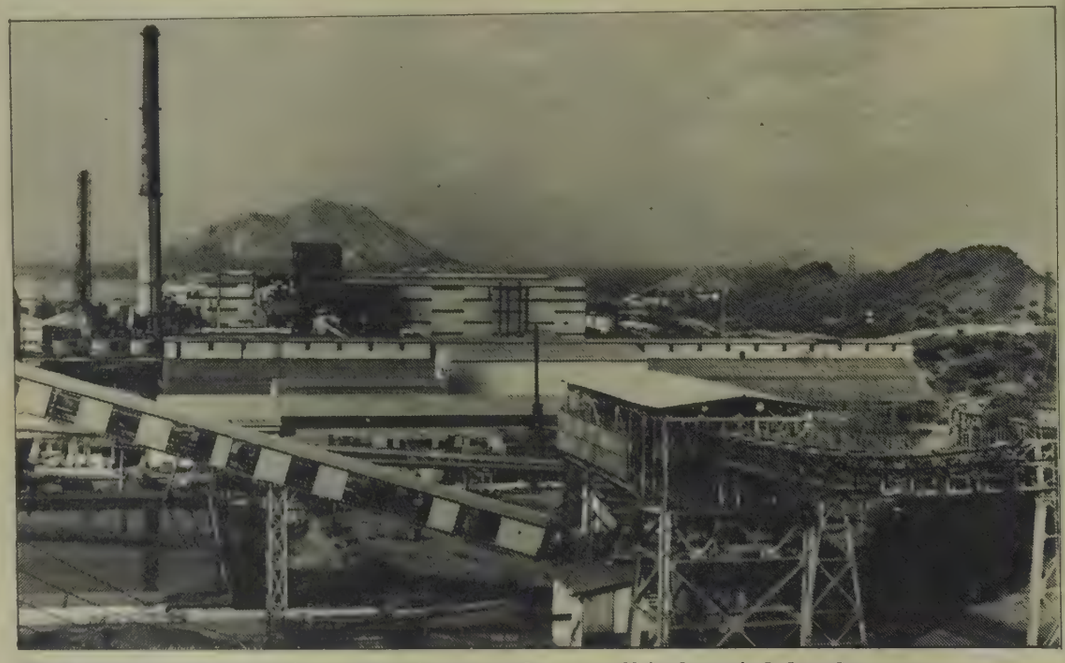
Very confident

In fact so confident is the state government of an industrial revival, courtesy Haldia and a few other projects which are not in the works (*see table*) and account for barely Rs.3,634 crore, that it is not even willing to consider seriously any more joint sector projects. Says S.N. Menon, managing director, West Bengal Industrial Development Corporation (WBIDC), "Till our existing investments roll back we are not thinking of going in for any other major projects."

In states like Maharashtra and Gujarat which have seen rapid industrialisation in the last decade, a major motive force for this has been the state industrial development corporations (SIDCs) like SICOM in Maharashtra. These SIDCs have at all times several licences for projects ready and are constantly looking for private sector partners (SICOM has now consciously minimised the number of its joint sector projects). But in West Bengal, the opposite is the case.

Says Sanjeev Goenka, president of the Indian Chambers of Commerce (ICC), "A major factor behind West Bengal's currently dismal industrial scene is that the state government in general is apathetic towards overall industrial development. Whenever the chief minister holds parleys with the Centre, the only two projects mentioned are Haldia and Bakreshwar. There is no attempt to highlight other projects. Any other chief minister has at least 15 projects lined up for clearance.

What is worse is that the incentives being given to investors is much less in West Bengal than in other states. Says Goenka, "In states such as Maharashtra and Gujarat, an investor can recoup almost 50 per cent of his costs, over a period of five years — through various tax holiday schemes and other incentives. But in West



The state government is apathetic towards overall industrial development

Bengal it is difficult to recover even 10 per cent." The term lending operations of the WBIDC barely total Rs.18 crore annually, compared to SICOM's Rs.65 crore.

These days the growth of the small and medium sector play a vital role in the process of industrialisation in Bengal. In the last two years, the state government may have made some haphazard attempts to woo large industrialists to the state, but there is not a thought spared for the development of the small and medium sectors. The thinking of the state government is that if large scale units come up, small and medium units would automatically follow as ancilliaries. But this perception may again not be fully true.

No small-scale *wallahs*

The number of small scale units in the state, typically set up by local entrepreneurs, is insignificant. Says Abhijit Sen: "You can woo large business from outside, but not these small scale *wallahs* from, say Gujarat. They have to come up locally." Sarkar however says: "It is not true that we are not giving impetus to small and medium industries. It is our objective to create conditions for setting up a number of medium and small scale units in sunrise areas like electronics and petrochemicals." But this could be a vain hope, considering that medium local entrepreneurs in the state are looking for opportunities outside. A good example is Bijon Nag, a first-generation entrepreneur who successfully set up India Fine Blanks. Reportedly fed up with the unhelpful attitude of the state government, he is now setting up a washing machine manufacturing facility in Goa.

Though the state government is yet to prepare a detailed plan for industrialisation for the next five years, it has done some thinking on the matter. But an analysis of this thinking shows how unrealistic it is. Obviously taking a cue from Punjab, the state government is intending to set up agro-processing units on barren land in northern Bengal to process horticultural produce, like pineapple etc. Though there is not much horticultural activity in these areas, the state government thinks that it can motivate farmers to think along those lines.

There is also a plan to extend the area under tea plantations in the state, especially in the slightly hilly west Dinajpur district. The state government is also thinking in terms of setting up R&D oriented units in the area of bio-technology, chemicals and pesticides and also engineering consultancy and software units. It also wants to develop Calcutta as a centre for international exports of leatherware.

Export-oriented units

The state government is also talking in terms of setting up export oriented units in the state. But the state's experience in this area so far has been far from satisfactory. S.K. Hazra, development commissioner, Falta export promotion zone (FEPZ), reveals that exports from Falta are barely Rs.25 crore, the least among all EPZs. Since FEPZ's inception in 1986, some 70 licences have been issued, though 34 have been cancelled, with more licensees backing out. As of date there are merely nine units. Interestingly, Falta, though on the river front, has no jetty or provision for riverine transport.

List of large projects being implemented by WBIDC

Project	Private sector partner	Investment (Rs crore)	Location
Petrochemicals	Tata Tea	3,000	Haldia
Polyester filament yarn	Reliance	350	Barjora
Acrylic fibre	G.P. Goenka	130	Barjora
Carbon black	Dunlop	67	Haldia
BOPP films	S.K. Birla	40	Barjora
Soaps and detergents	Tomco	25	Kalyani, Dist. Nadia
ONCB/PNCB	Burroughs Wellcome	22	Haldia
	Total	3,634	

The major contribution of the state in promoting industrialisation these days comes in the form of establishing the infrastructure which attracts investments. But not enough has been done here, though some beginnings are being made. Says Goenka: "One of the major reasons for lack of investors is that the state suffers from infrastructural bottlenecks, the WBIDC having done precious little to provide any infrastructure for major investors." Whatever investment has been made is also lopsided. Most of the infrasturcture in the state is near Calcutta with barely 6 per cent investment in the five districts of north Bengal.

Growth centres

However, C.D.Gautama, executive director, WBIDC says: "Things will be different in two years. Following the example of Gujarat, whose policy is to set up growth centres, we have established 12 growth centres across the length and breadth of the state."

The growth centres may well become functional over the course of time, but the power situation (which has been the major bottleneck in the state) continues to be as dismal as ever. There is a feeling in some circles that with the Central government's new policy to allow the private sector to set up power projects, things might change in the next few years. But, says a state official, "The situation is likely to continue as it is. Though the total generation in the state is around 2,700 MW, the shortfall is going to persist in view of the load growth (expected to go upto 500 MW annually in the next three to four years) outstripping supply."

In the otherwise not very bright scenario, where the state government has no idea about how to go about the task of industrialisation, the only ray of hope is the changed attitude of the Left Front government towards labour. The government is not backing labour to the hilt any more and is tacitly siding with industrialists in order to maintain industrial peace.

Says a production manager at ITC's factory in Calcutta, "The troubled days of the sixties and early seventies will never come back again. Labour here is very scared of lockouts and strikes. They know from experience that the state government will not support it and every strike has the potential threat of a lockout from the owners who can close shop and shift to another state."

There is another factor which might help West Bengal — the progressive deterioration in conditions in many states which were hitherto peaceful. Says Abhijit Sen: " In that sense it is not the greening of West Bengal as much as the browning of the other states." But that by itself can hardly propel the process of industrialisation.

■ KINGSHUK NAG and MADHUMITA BOSE

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CORPORATE FINANCE

Visible trends in South East Asia

Corporate finance is changing all over the world. In India as anywhere else in the world, there have been changes from the family-controlled accounting systems run by trusted accountants to the professionally run organisations employing qualified accountants. The banking sector has also witnessed a shift away from the emphasis of merely lending money to developing more attractive money management instruments giving greater yields to corporate treasures. Gone are the days when a smart banker could borrow from one cheap source and lend at high margins to a corporation. With the gradual maturity of stockmarkets, corporations are now able to source funds through a large number of means, directly from investors.

Dilip Maitra



Bangkok: unprecedented boom in south-east Asia

Rapid funds movement

As the world apparently shrinks in size with improved communications and better political relations between nations, there is increased movement of funds across geographical boundaries in Asia. The experience of the south-east Asian nations is very similar to that of any developing economy but with a difference. The south-east Asian corporations, with admirable support from their respective governments, are becoming aggressive investors in each others' countries. These countries are witnessing an unprecedented boom and their governments are encouraging formation of new financial institutions and instruments.

The growth of the Asian financial institutions in other parts of the developed world, coupled with the entry of American and European financial institutions into Asia and the exponential growth of non-banking financial institutions within these countries are significant pointers to the trends in Asian corporate finance. The result is that Asian corporations have new opportunities for profitable activities. Some of the distinct trends that are visible in corporate finance in Asia are:

• A greater stress on equity as compared to debt-financing. This is the result of more American and European investors wanting to put their money into Asian companies. This helps Asian corporations raise funds more easily and the greater demand for equity shares helps fuel growth in Asian stockmarket indices. This trend is evidenced from the fact that debt-equity ratios of companies in south-east Asian markets have been steadily improving.

• As the equity cult comes of age in Asian economies, the second trend is the mushroom growth of non-banking financial institutions such as merchant bankers, investment bankers and stock brokers. Such skills, as they develop, are able to identify interesting and innovative tools for corporate finance. Most major banks in South East Asia have committed substantial resources to their stockbroking subsidiaries.

• A third trend is the gradual movement of financing options from the short term to the long term. The maturity period of debt is gradually being lengthened. While long term bank debt is being seen as a major source of corporate finance, there is increasing reliance being placed upon the emerging corporate bond market.

Bond markets, virtually non-existent ten years ago, have been attracting the attention of merchant bankers. Such bonds are in different currencies and can be raised in different countries depending upon the credibility of the offering company and the country risk of the company's country of origin. Bond trading in secondary markets has been very limited though it is expected to grow in the foreseeable future.

• Another significant development is the movement towards wider dispersion of financial instruments. This distribution encompasses securitisation of assets as well as a broader distribution of traditional financial products.

Banks and other financial institutions Especially the larger ones, are now syndicating and sharing loans. Such syndication helps not only in spreading the risk but also in information sharing and increasing the size of the cake through greater knowledge of the people involved.

• Private placement of debts by larger non-banking financial institutions is a trend noticed over the past few years. A wide variety of instruments are being placed in the markets encompassing equity features such as convertible (either fully or partly) bonds and debentures.

• The establishment of venture capital associations in Asian markets recently creates a new mechanism for dispersion of investments. These venture capital associations ascribe a broader meaning to the term "Venture capital" in Asia as compared to the West in established companies rather than start-ups. Venture capital associations have been formed in most Asian countries. In Hong Kong, the association which is barely three years old has over forty members.

• The trends relating to the entry of a greater number of western banks is significant in South East Asia. As these countries become safer and offer lucrative and growing markets to the western banks, corporate finance is gradually experiencing a transition from the "family owned" to "professional run" organisations. Further, non-banking financial companies and financial services companies are being granted licences to operate as "full service banks". The leading banks in these countries are also active in the corporate finance and securities markets.

• Securitisation of assets, a well developed skill in the American and European markets, is being imported into the south-east Asian markets. While these are not fully mature, the trend towards

introduction of mortgage-backed securities will provide the corporate finance managers yet another powerful tool to leverage higher and raise more funds for the growth of their companies.

• Some of the trends in the development of new financial instruments are fairly well developed in India as well. Some financial instruments popularly used by corporate finance managers are: convertible bonds, subordinated debt, floating rate products, interest and currency swaps, leasing and hire purchase and commercial paper.

South East Asian markets have well developed primary markets for these instruments. However, with regard to secondary markets, the development is visible only in the financial markets of Hong Kong and Singapore.

Specialised services

Finally, the trend all over South East Asia is for a "boutique" model of financial service companies which offer highly specialised services. They are able to offer not only a high degree of knowledge of the product but also a very close interaction with the client leading to personalised service.

All the trends identified above clearly point towards a significant shift to more sophisticated financial instruments as also a shift towards non-banking financial institutions. Corporate banks are also launching their own non-banking companies to expand their range of services. While all financial markets are to a degree protectionist, protection does not always stifle innovation. Nor does protection mean completely curbing the free flow of foreign exchange into and out of a country.

Therefore, while foreign institutions may find it difficult to enter certain markets and compete in the traditional areas of corporate finance, they can certainly offer greater skills in new products. In many cases, both the competing local firms and regulatory bodies welcome innovation. New products are then quickly incorporated into the product line of the institutions.

Most of the trends elaborated are clearly visible in the Indian economy as well. However, Indian corporate finance managers, banking institutions, non-banking financial institutions and companies are not able to relate these powerful trends with world markets since the major element of foreign exchange is generally missing for transaction within India. Such expertise and skills are vital as India moves steadily towards liberalisation and eventually a fully convertible rupee.

In each country of South East Asia as well as India, the regulatory provisions that take into account the financial strength of the economy, social and political factors are different. However, the trends are undeniable and only those organisations which recognise these trends and react will be able to take full advantage of the new opportunities.

■

ASHUTOSH GARG

WORLD COMPETITIVENESS

Declining stars

Australia is the likeliest to face a recession in the next two years while the US, UK, Canada and much of continental Europe are in an economic slowdown. This was recently stated in the 11th joint annual survey of the World Economic Forum (WEC) and the International Institute for Management Development

YOU ARE LOOKING AT AN UNPAINTED



(IMD), the latter being among the leading business schools of Europe.

The survey, which is part of the institutions' World Competitiveness Report, also says business leaders everywhere believe that Japan and unified Germany are best prepared for rapid economic growth. Further, it describes Indonesia, Thailand, Hungary and Mexico as "hidden treasures" in world competitiveness.

Many criteria

These conclusions are based on the opinions of more than 1,500 business executives asked by WEC and IMD to rate their own country's assets in the context of world competitiveness. In the full report, still two months away, 326 different criteria will be utilised to assess and rank 33 key countries with regard to their ability to face global competition. Of these, 22 industrialised nations are examined separately while 10 others, namely, Brazil, Hongkong, India, Indonesia, Korea, Malaysia, Mexico, Singapore, Taiwan and Thailand are listed as "newly industrialised economies" (NIEs).

In this year's survey report, Indonesia is placed at the top of the table of Asian countries where Singapore was two years ago. Malaysia, Thailand and Mexico have also moved up the ladder while the optimistic view of Canada seems to have undergone a subtle change. In the 1989 report, Canada was believed to be one of the three most dynamic economies in the world and second best in human resources and natural endowments. Last year it was down to number five in "dynamism of the economy" even as Germany moved up a notch from fourth to third. This year it appears a close second to Australia in the list of countries facing the greatest chances of a recession in the coming two years. The UK, the US and Finland follow Canada, in that order, on the same list.

The WEC-IMD survey also makes some interesting points on why so many executives think the outlook is bleak for Australia and Canada while Mexico, Hungary and Malaysia are good places to do business with. Australia is third from the bottom when it comes to motivation of workers (scoring only above Italy and Spain), second last with regard to new business generation (better than Sweden) and touches the bottom in its adaptability of products for export markets.

Quite predictably Japan is the best in two of these areas, namely workers' motivation and adaptability to export markets, while Germany was the most effective in generating new business. The quality of Japanese products in general is widely believed to be the best, with Switzerland and Germany placed second and third. The only factor in which Japan does not figure in the top five is "management freedom" which is evaluated as the flexibility that managements have to adjust employment levels during difficult periods. This means Japanese employees still enjoy much greater job security than their counterparts in the US, Denmark and Canada.

Though the present report is something like a snapshot of the full report due later this year, it will be interesting to see if Korea, Thailand and Malaysia are moved up from the the list of NIEs to that of the industrialised nations. They certainly should, because most of the 1,500 executives who were asked which three countries they felt will "significantly improve their global competitiveness in 1991", listed them among the top five.

■ SUMIT GHOSHAL

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The old faithfuls

In this day and age, when switching jobs at the drop of a fatter pay cheque is the order, people who stay on are a bit of an oddity. But as any of these old timers will tell you, it's worth it — almost always

In January 1956, K.R. Ganapathy joined Parry & Co Ltd, Madras, as a management trainee. Last year, he took over as president of two companies — Parry & Co Ltd and Parry Confectionery Ltd. It has, no doubt been a slow climb up the corporate ladder, but Ganapathy would not have it any other way. In his view, he was upholding the family tradition of remaining committed to one particular organisation. His grand uncle, who was closely associated with C.P. Ramaswamy Iyer, the dewan of Travancore, had elicited a promise that he would.

Pankaj Desai



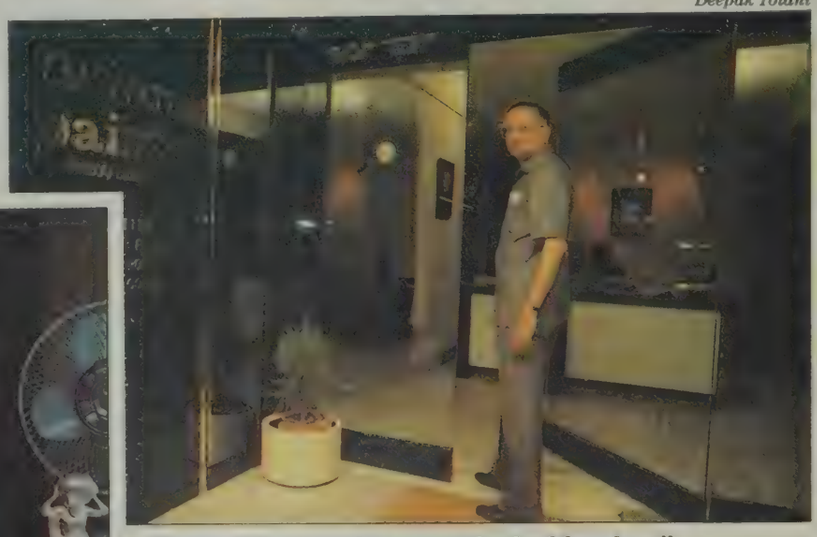
Poddar: over half a century with Century

R.P. Poddar, senior president of Century Textiles and Industries Ltd, Bombay, joined the company in 1936, after obtaining his BA degree. In those days, the Birlas and Tatas were the only major Indian corporate houses, and Poddar chose to work for the Birla-owned Century because he knew several members of the family. "Even after 55 years," he says, "the job still holds new challenges for me."

Rare breed

In today's fast paced job market, where loyalties change often at the drop of a fatter pay cheque, managers like Ganapathy and Poddar are a rare breed that faces extinction. The truly ambitious young type finds that the hop-switch-jump route is the quickest one to the top. As they move on, they gain varied experience and needless to say, higher salaries and better perks as well. In their view, staying on, spells stagnation. Now do the likes of Ganpathy and Poddar fit into this scenario? Very well, indeed. While it is true that they entered the corporate world long before it turned into a steeplechase, they consciously chose to pursue their single-track careers.

Deepak Tolani



Jhaveri: "enjoyed a great deal of freedom"

The single most important factor that has kept Ganpathy rooted to his company is the culture of the organisation; it has encouraged closeness between various levels in the organisation. Parrys is more than a century old, he points out, and is the kind of organisation where several generations of a family are known to have worked. "In addition to colleagues, I now find the children of former colleagues working with us." This does tend to occur more frequently in Indian business houses where the promoters conciously cultivate the 'family like culture'.

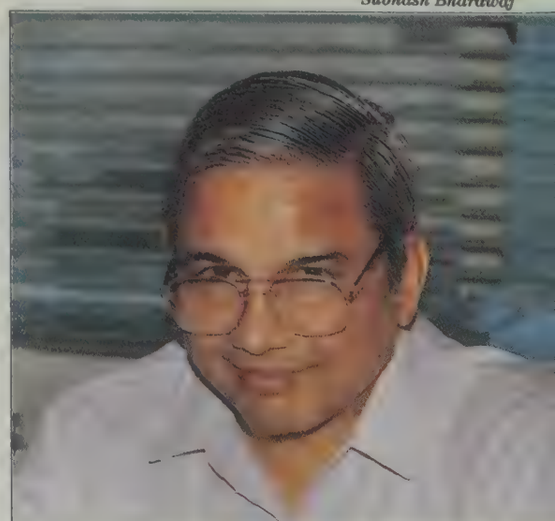
This indeed is the case in the J.K. Group as well. B.K. Kedia, president, joined the group 40 years ago, but his contact with the company goes back several years before that to the time when his father had business relations with the Singhanias. Today, Kedia's son, a qualified M.Tex engineer, has followed him in his footsteps.

Personal rapport and that strong feeling of familiarity were also partly responsible for keeping Bipin Jhaveri, now company secretary and senior general manager, at Asian Paints. He joined the organisation in 1954, working there for four years while completing his graduation. He rejoined the organisation as a junior officer in 1962, having taken a break in between to complete his chartered accountancy. Why didn't he go elsewhere? "I was familiar with the company and the people, and liked the place," he explains.

Many old timers stay on because they feel they are treated well and given the opportunity to grow. As Jhaveri puts it, "So long as an organisation permits you to develop, gives you financial and job satisfaction and you are climbing up the ladder, there is no reason to change." If you are not treated as a subordinate, he observes, the motivation is that much greater. Loyalty also develops if you feel the organisation will support you in adversity, he says.

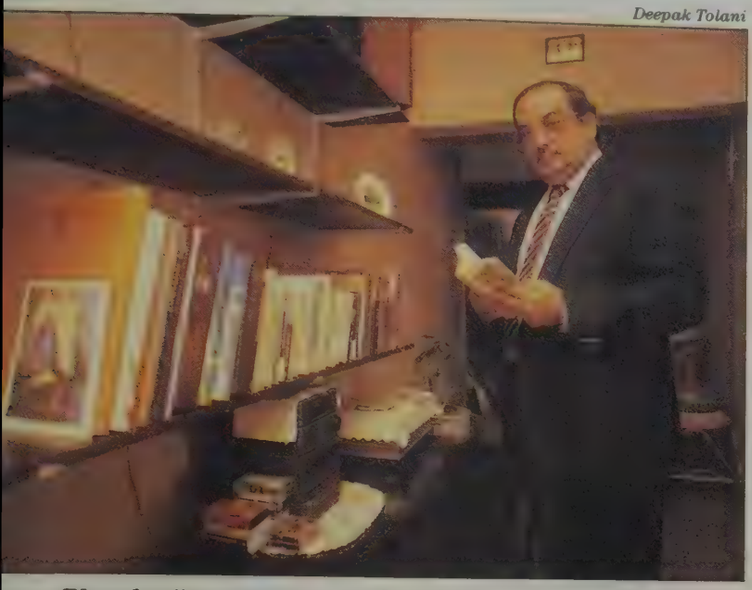
Anand Rathi, who has been with Indian Rayon for 17 years and is now a senior president, feels the same way. "There are mainly two factors which make people stay," he says, "the kind of company and the kind of management." N.D. Joshi, director, R&D, at Thermax Ltd, "found the Thermax people very friendly". Having been with the company since 1972, he says, "One is familiar with the culture and history of the company. Over the years, you find your identity with the company. One also feels comfortable; since you

Subhash Bhardwaj



Agarwal: "personal touch of belonging"

Deepak Tolani



Bharda: "youngsters are loyal to opportunities"

know everyone, a family feeling is created."

V.P. Agarwal, executive director and secretary, DCM Shriram Consolidated Ltd, enjoys the "personal touch of belonging". Poddar of Century, who thinks personal relations with employers are crucial, says his company "has always treated employees as part of a family". Such bonds are rare now, points out Rakesh Dewan, vice-president, marketing, mining and construction, at Atlas Copco. He had joined the company in 1967 as a trainee sales engineer. "With the present level of competition, these bonds cannot exist," he says. "Today if someone is not delivering the goods, you wash your hands off. And employees do not feel the same kind of obligation to employers any more."

Personal ties apart, many long serving employees have found tremendous scope for growth. They may have been in the same company for years, but certainly their jobs within the organisations do not remain the same. "The idea that one gets stale by remaining in one company is entirely wrong," asserts Y.S. Joshi, general manager, marketing, power equipments, at Kirslokar Cummins Ltd. "There are always plenty of new and challenging assignments — with job rotation." R. Jagannath, executive director, projects, Ashok Leyland Ltd, says he is possibly "the most moved around guy in the company" but that it was "this job rotation which kept interest alive". P.B. Bharda, a commerce graduate from Bangalore, joined TOMCO in 1958 as assistant sales officer; in 1963, he became assistant manager, Indore, and later that year, manager, marketing. He rose to be zonal manager in 1978, general manager in 1985, CEO, sales and marketing, in 1987. Today, he is vice-president, sales and marketing.

Then, there's Ranbir Sachdeva, who joined Siemens as junior assistant, and is currently general manager, commercial controls, automation and project division. V. Rajagopal's rise was more spectacular. He is today general manager of Vyasa Bank in Bangalore. Not bad at all, considering he joined the bank in 1955 as a clerk with no experience.

Long waiting-out periods

Such growth does not necessarily happen in a hurry. It can often mean a long waiting-out period. Rajagopal was promoted to officer in 1959 and posted to the accounts and statistics department at the central office. He was promoted to the special cadre in 1966 and made chief accountant. It took all of five years for him to rise further to be superintendent of advances, where he worked for six years. The post of assistant general manager came much later, in 1977, and it was only in 1985 that he became general manager.

The freedom and opportunities to take on new challenges is a major motivating factor with many, particularly those who started out in smaller companies and grew along with them. "In a large group, an individual is like a drop in the ocean," says Dewan of Atlas Copco. "In a smaller set up, your contribution becomes more significant. I felt that a small growing company would not have set ideas and there would be more scope for innovation."

Pankaj Desai

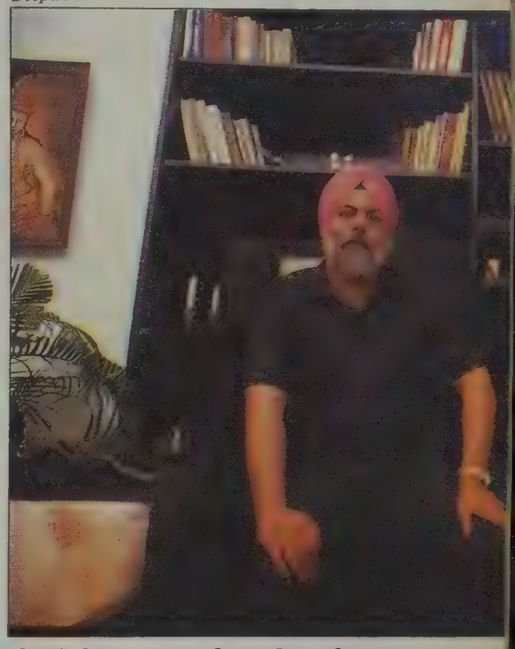


Parmeshwaran: might have wanted it differently

Asian Paints gave Jhaveri "a great deal of freedom even as a junior officer". He was allowed to do as much as he wanted to — reorganise the accounting system, appear before income tax officials, and learn more about finance. All these efforts, moreover, were recognised and rewarded. In a growing company, he feels, there is little chance of stagnating.

Bharda of TOMCO was also aware of a sense of independence as a newcomer, and it is this freedom and the recognition of his work that cemented his relationship. As Siemens' Sachdeva puts it, "If a person doesn't grow, it is not due to lack of opportunity, but because he hasn't put in the effort." In performance and people-oriented Siemens, he adds, the turnover is very low.

Deepak Tolani



Sachdeva: growth and performance are linked

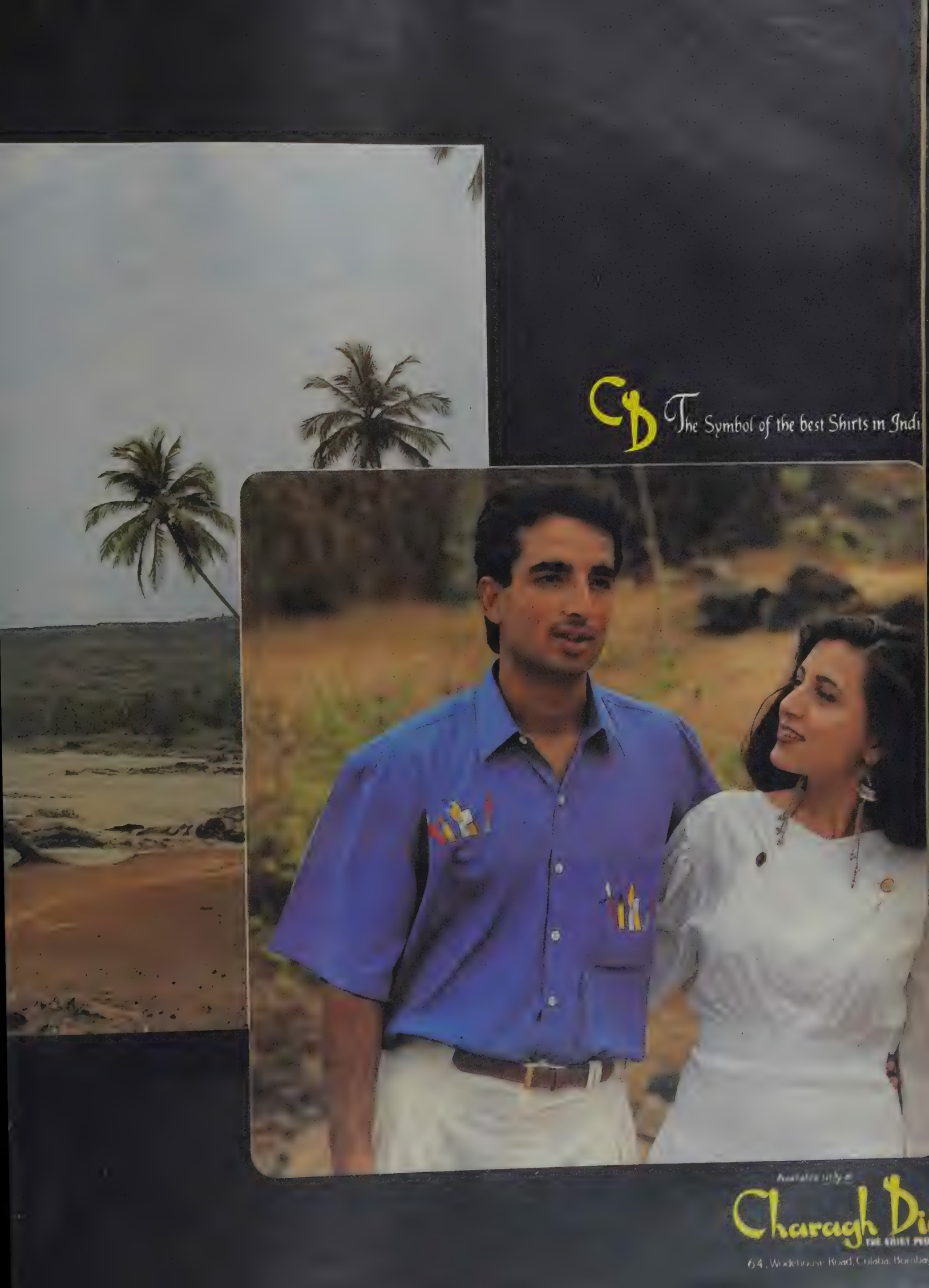
Some reason to stay

Do other companies try to lure faithful employees during those long slow years up the ladder? Of course. Ganapathy received good job offers from organisations such as Britannia as far back as in 1965. He spurned them even through the stormy seventies and early eighties when Parrys went through a bad patch.

In 1969, Jagannath felt ready to leave Ashok Leyland, when he received other offers, but just then his company sent him to Europe for training. In 1974, he admits

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the bug bit him again, when a few more offers came his way but this time, he was shifted to the exports division an "exciting new field". Jagannath admits to not starting out with loyalty to his company, but every time he wanted to leave, there was some reason to stay.

Dewan, in 1967, had offers from four other places, including Larsen and Toubro which offered more than the newly-started Atlas Copco did, but he decided that he would rather grow along with his organisation.

Ravi Patil



Kedia: 40 years with the JK group

Taken for granted

Certainly, old faithfuls are aware of the disadvantages of staying on for several years in one organisation. "It's like a billiards table," says Dewan. "If you are too close to the table, sometimes you can't see things clearly." Similarly, a new person can see some things better than someone who has been around for years. Also people who have been in the company for years tend to be taken for granted, and that it is harder for them to introduce new ideas since people tend to be more receptive to fresh ideas from youngsters. He is concerned, too, about the fact that when you grow within an organisation, it is at the cost of someone else in a competitive world.

The scope for learning too, Dewan realises, can be limited. It then becomes necessary to broaden horizons by participating in management programmes and courses, and interacting with managers of other companies. Also at a senior level, he says, there could be a problem with promotions; in multinationals, top positions go to foreigners, and in family owned groups, it is family members who ride at the helm.

Despite the disadvantages, most old timers have stuck it out. "Job-hopping is like changing garages every time," declares Joshi. "If you stick to the same garage, it is good for the car, the garage and everyone. Changing the garage every time in search of a better one is funny, and a waste of time, money and energy. Why not be more careful and selective initially?" Dewan feels, "Job-hoppers switch because they don't have the courage to see their ideas through. In any company," he observes, "it takes some years for efforts to grow into visible results."

Never free of frustration

V.V. Parmeshwaran, who has been with ACC for 36 years, is one of the few who might have wanted it differently. One should quit jobs at least thrice, he feels, settling down in the fourth, with at least a 25 per cent salary hike each time. Changing jobs broadens one's perspectives and is more profitable financially, he says. Outsiders are always more appreciated and better rewarded than insiders, he opines. However, even Parmeshwaran warns MBAs that no job is free of frustration, and that they should realise they are bound to reach a plateau sometime.

"Today's environment has changed," says Jhaveri of Asian Paints, with MBAs coming into the picture. "Young people today feel that changing jobs is a quick way to rise. They are also more willing to take the risk. In any case, the risk of not getting another opening is much lower now because there are many more opportunities." TOMCO's Bharda believes youngsters are "more loyal to opportunities than to companies"; but one cannot take this as a flaw, since remuneration plays a crucial role in the first five years of a person's career.

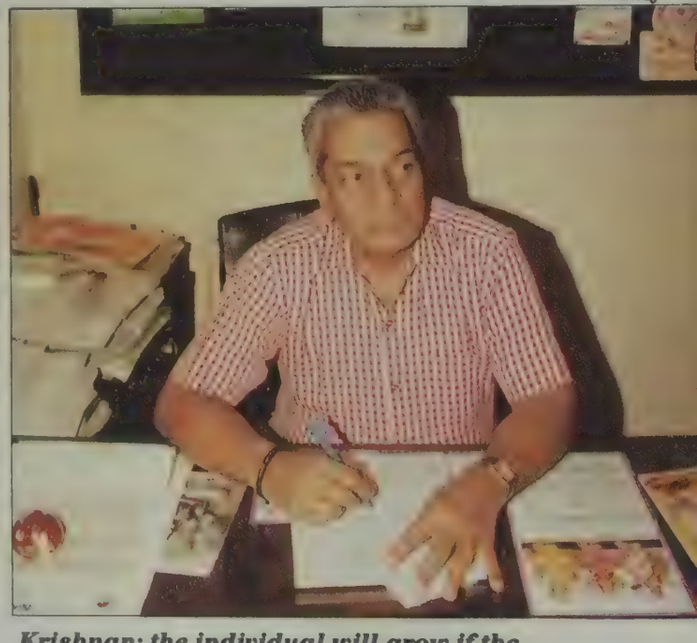
Jagannath is not against job changes after 10-year intervals but does not approve of people switching sooner. "In such situations, the incumbent does not stay to see problems that he often creates, and is not there to solve them. The company does not derive any benefit because high fliers are propelled by the idea of self-advancement." Besides, he says, three to five years is too short a time to establish one's acceptability as a leader. One has to stay long enough to create a feeling of trust among subordinates and even peers, he feels. Dewan is more critical. "The new MBAs have higher expectations and want to grow fast without facing the grind," he says.

Two-way growth

S. Krishnan, commercial manager of Dabur India Ltd, feels individual gains should not be considered and that nothing should prevent the growth of an organisation. If an organisation grows, he reasons, the individual will grow along with it.

Most youngsters might be too impatient and ambitious to accept this point of view, preferring instead to leap up corporate ladders to reach the top in a hurry. "Most do not have a career plan," says Jagannath, "or they have plans whereby they will be burnt out within 10 years." For them, Jagannath has a word of advice. "The early years should be used to build knowledge and expertise," he says. "Learn and become acceptable." Acceptability, he says, is a quality that will always be required for success.

Subhash Bhardwaj



Krishnan: the individual will grow if the organisation grows

And if there is one thing an employee is truly confident of after a lifetime's service, it is his acceptability within the organisation and its accompanying benefits.

■ SHAMPA KAR with POONAM CHAWLA, ROOP KARNANI in Pune, DHARANI PANI in Madras and RAJESH PROTHI in Delhi

Helping Mr. Postman

If your share certificates have arrived with the folio numbers mixed up, or if they haven't arrived at all, contact the mailing agent. The agent takes care of the despatch of share certificates. And processing and sending of these certificates involves a lot of work. The hectic activities begin at the companies themselves, where the investor's name, among thousands, gets processed at a computer centre, first. These processed allotment letters and share certificates with their covering letters and folio numbers tallied, are then sent to the mailing agent, who, in turn, despatches it to the investor.

One of the agents who offers this service in Bombay is Prompt Services, Mailing Agents, who operate out of two rooms located strategically equidistant from Dalal Street, Nariman Point and the General Post Office (GPO). It is one of the few mass mailing companies catering to the financial investors' supermarket.

Alive and well

The investor's bazaar is alive and well, as the agents' laborious service indicates. One factor that has led to the emergence of this freelance despatch department is the objection raised by the postal authorities at having to segment and stamp the mountains of mail relating to public issue announcements into area divisions. And it affiliates itself temporarily to whoever is paying, be it share service departments of companies registrars or individual brokers and *dalals*.

Prompt Services, Mailing Agents was established in 1978 by Arun Ghag and Suresh Gandhi. Earlier, Ghag worked for a rolling press and Gandhi for Sharacks — Tata Consultancy Service's share consultancy division. In fact, Sharacks was their first client, when Prompt Services: Printers, Binders, Envelope Makers, (as it was then called), went into mailing. Now it has metamorphosed into an exclusive mass-mailing centre.

Prompt Services handles share certificates, interest and dividend warrants, annual reports and circulars, among other things. Among its clients are: Asian Paints, Mahindra & Mahindra, Voltas, ACC, UTI, 20th Century Finance Corporation and Champaklal Investments and Finance Corporation. The registrars they deal with include Sharacks, Datamatics and MCS Ltd. Prompt has undertaken prestigious assignments like the Tata Consultancy UGS Scheme and UTI's parents and children's gift growth schemes.

Today Prompt's maximum daily capacity is 100,000 ordinary and 20,000 registered envelopes. The business, predominantly labour-intensive, has low overheads. Prompt has four franking machines (one electric, three manual), one van, and 40 workers, the number of temporary workers increasing by 75 per cent depending on the job. "More often than not," says Navnit Parekh, general manager, "stringent traffic regulations compel us to hire other vehicles."

Accuracy and speed are required in this 'assembly line' job. Vigilance too, as folio numbers require cross checking and collating. The actual processing (whether it be certificates, dividend warrants or allotment letters) includes machine and manual cutting of computer-processed forms, sealing with a company seal, affixing revenue stamps, collating foliowise, attaching relevant forms and brochures, putting into envelopes, franking for ordinary and registered deliveries and finally delivery to the GPO.

The service has an assured market, as its business grows concurrently with the growth in the capital market. Issues worth Rs.5,716 crore were raised in 1989-90 (over Rs.1,750 crore in 1985-86). As Gandhi put it, "Our business is growing day by day, as new firms are licensed for market borrowings and new issues are floated virtually everyday."

Occasionally, the company's premises prove inadequate for this space-consuming business. Sometimes, a client provides space as Datamatics did in promoting Bank of India's Boinanza. Here 100 people worked round the clock at the MIDC premises. Time is of the essence, since public issue forms should reach potential buyers at least a week before the closing date.

Prompt's pricing structure depends on the volume, not value, of the public issue and the labour and time involved. The approximate rates per thousand are: Rs.60 for issue applications, Rs.70 for allotment letters and Rs.40 for affixing revenue stamps and a company seal. Prompt provides envelopes if required and free transport of documents. It does not provide address lists nor facilities for computerisation, though it may do so some time in future.

In Bombay alone, three mailing agents cater to the requirements of approximately 131 companies, 24 registrars and 45 merchant banks, the other two being Ganesh Book Binding Works and Mass Mailing Service. Certainly, the company has every reason to be cheerful. Its business has grown from a daily average of 10,000 envelopes (ordinary) and 1,000 registrations in 1978 to 60,000 ordinary and 12,000 registered envelopes today. Its monthly turnover, Rs.18,600 in 1978, has burgeoned to Rs.1,24,200 in 1990. And if the capital market trends continue, profits may go up even further in future.

■ MRIDULA MALUSTE



Gandhi (left) and Ghag: business growing day by day

THE MIKADO GROUP

Quietly does it

What started out as a cloth retail shop is, ten years later, five textile factories and a turnover grown fifty times. All it took was three families working together and a dash of caution

Last month, Bharat Kumar Modi of Kusum Ingots was looking for a buyer for his two Indore-based textile units, and his search ended with Mikado, a relatively unknown Bombay-based group of companies. Mikado acquired from Modi a weaving unit with 124 looms and a processing unit with a capacity to process 5 million metres of fabrics a year. With this acquisition, Mikado's total fabric production capacity will go up to 6.5 million metres from the present 4 million and the processing capacity will go up to 12 million metres from the present 7 million metres. "Our group turnover will go up to at least Rs.70 crore this year from Rs.50 crore in 1990-91," says Vinod Gadia, the 35-year-old managing director of the Mikado group. By textile industry standard, Mikado can now certainly be considered a medium-sized producer of textiles. Although, the suitings and sarees marketed under the "Mikado" brand are well-known in the lower and middle price category, the group and the people behind it are not much known to the non-textile world.

Closely knit

The group consists of three families, who have worked closely for nearly a decade now. The group's chairman, B.K. Modi (58) is Gadia's eldest sister's husband and based in Calcutta. P.D. Chamria (44), the finance director, is a chartered accountant by profession and is Gadia's wife's brother. The main driving force behind this group, however, is Gadia himself. Gadia, son of a grain merchant in Rajasthan, left his father's business at a young age to start something on his own. "Ever since I graduated at the age of 19, I was thinking of diversifying," he recalls. "The foodgrain business was too speculative and there was not much scope to grow." In 1977, Gadia left Rajasthan and set up a small fabric retail shop in Poddar court at Calcutta with an investment of about Rs.30,000. Gadia moved to Calcutta because his sister's husband, B.K. Modi, who was already based there, joined hands with him. "We sold fabric worth Rs.7 lakh in the first year itself," says Gadia. That was just the beginning. Two years later, Gadia took a shop in Calcutta's Barabazar and got into the wholesale business. By 1981, fabric sales touched 200,000 metres a year, worth about Rs.1 crore. But Gadia was not satisfied. "We were still buying and selling and nowhere near manufacturing." Gadia's ultimate aim was to set up a production base. To pursue this objective, Gadia moved to Bombay in 1981. Initially, he got his fabrics manufactured by third parties on a job-work basis as he did not have enough funds to set up his own unit. Around this time, the brand name "Mikado" was introduced and the fabrics were made with the design and yarn supplied by the group. In a matter of just three years, the procurement and sales of the fabrics had gone up to 600,000 metres. To keep pace with the growth in sales the group gradually set up its own marketing network with selling agents and dealers all over the country. A major turning point in Mikado's growth came in the year 1984 when the group went into manufacturing. That year, Amitex Fabrics, bought over a sick textile unit at Vapi (Gujarat) with eight looms, at a total investment of Rs.15 lakh. This unit now has 40 looms and produces 500,000 metres of fabrics every year.

Rapid growth

Once in manufacturing, the group grew rapidly. Between 1984 and 1990 it set up five other manufacturing units with a total investment of about Rs.5 crore. Two large units to come up in this period were Mikado Suitings Pvt Ltd (in 1987) with a capacity to make 1.5 million metres of suitings and Mikado Fabrics Pvt Ltd (in 1990) with a capacity to make 1.8 million metres of suitings. With these two units, the group also became a major player in the textile industry. Today, the group has five manufacturing units (excluding the mills acquired at Indore last fortnight) — three in Tarapore (Maharashtra) and two in Vapi. Altogether, the group has 172 looms producing about 4 million metres of fabrics (it buys another two million from outside) and one processing house

Photos by Deepak Tolani



Gadia, Modi and Chamria (from left)*: three families one group*

with a capacity to process 7.2 million metres of fabrics per annum. The largest company in the group in terms of turn-over, is Shree Shyam Suitings, which produces 1,000 tonnes of high value fancy synthetic yarns every year. This company also markets the bulk of the fabrics produced by the other companies in the group and had total sales of Rs.30 crore last year. The estimated turnover of the group for the year 1990-91 was Rs.50 crore. The group's turnover has grown 50 times (from Rs.1 crore in 1980) in just ten years. Interestingly, the rapid growth has come about despite a very cautious approach by the group. Every time he ventured into a new project, Gadia first made sure he had something to fall back upon. The wholesale business, for example, was started when it was clear that at least a third of the sales could be routed through the retail shop. Similarly, when the wholesale sales figures reached 200,000 metres the group stepped up the procurement of fabrics to 600,000 metres. And, it was only when the marketing of fabrics stabilised at around 2.5 million metres in 1986, that the group's production was raised to four million.

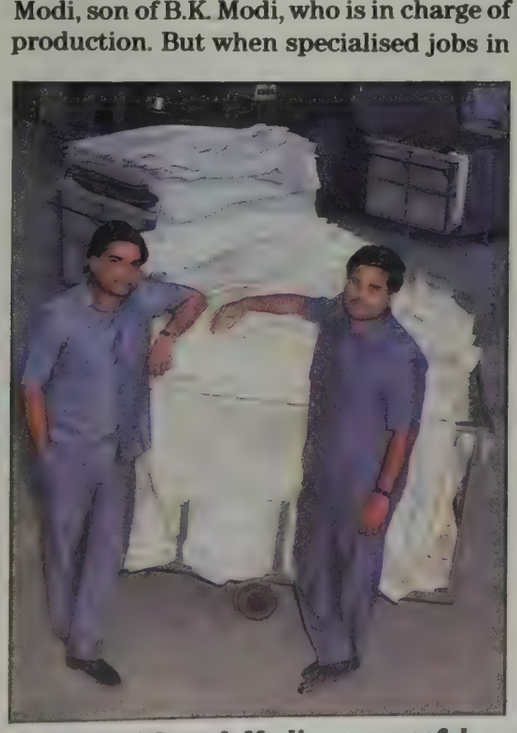


The yarn plant at Tarapore: high value addition

Risk minimised

The same strategy continued with yarn production and processing of fabrics. "It was a deliberate policy," says B.K. Modi. "We made sure there was always a cushion in case anything went wrong." Adds Chamria, "This is the simplest way to reduce the risk element. If your own channel takes care of the cash break-even of any new venture, then the risk is minimised." In financial management too, Mikado's approach was conservative. It spaced out new projects in such a manner that the funds accrued from the profits kept borrowings at a very low level, although some of the group units were set up with financial assistance from the State Industrial and Investment Corporation of Maharashtra (SICOM). So far, the group has taken four loans from SICOM and is rated quite high on creditworthiness. "Their loan repayment is regular, implementation of the projects are on time and there are no cost overruns," says Dilip Patel, senior manager, SICOM, who has been dealing with the group for the last four years.

Now that the group has grown in size, the conservatism is making way to professionalism. Although at least half a dozen young members from the families are involved with the group, they have all received a formal education, at least up to graduation. They are also put through a rigorous seven years of on-the-job training and are treated like other employees. "We make them work in the plant, on the machines and in shifts," says Suresh Modi, son of B.K. Modi, who is in charge of production. But when specialised jobs in manufacturing and marketing are called for, the group hires professionals and gives them a free hand.



Gadia and Suresh Modi: a successful combination

Going public

The group is also likely to go public soon. The plan is to form a new company, to be named Mikado Industries, after transferring some existing units to it. The company will take up some new projects and, to raise the funds needed, offer at least half its equity to public. "It's not final yet. We may go public at the end of this year," says Gadia. The growth plan in the next three years is quite clear. On the anvil are a modern weaving plant at Tarapore with 48 rapier looms, a yarn texturising unit at Surat and a blended yarn spinning unit (location yet to be decided). The total cost of these three projects together is around Rs.38 crore. "Another Rs.5 crore will be spent in expanding other units," says Gadia. With these projects, the group's total turnover is projected to go up to Rs.160 crore over the next three years. Gadia's ambitions, however, don't end there. He plans to go in for high quality worsted fabrics for the upper end of the market and also to diversify into core sector industries like plastic raw material, steel and cement. These may seem like grandiose plans but given the way Mikado has evolved and grown over the years, the chances of their fructifying are quite high.

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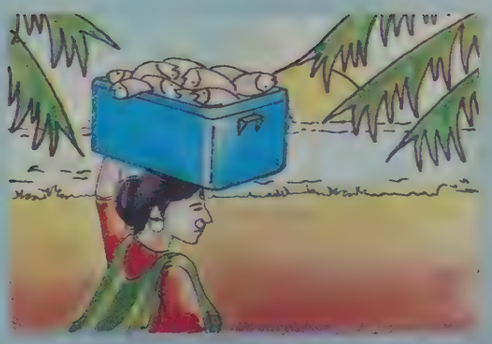
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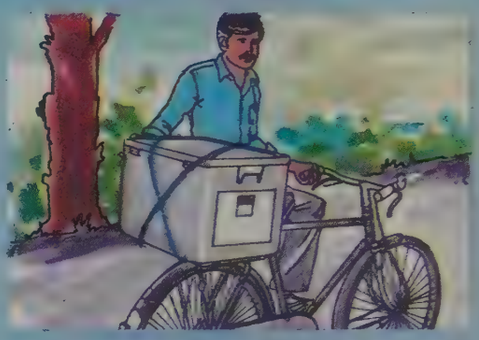
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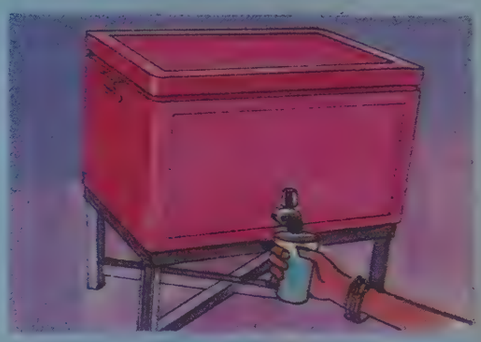
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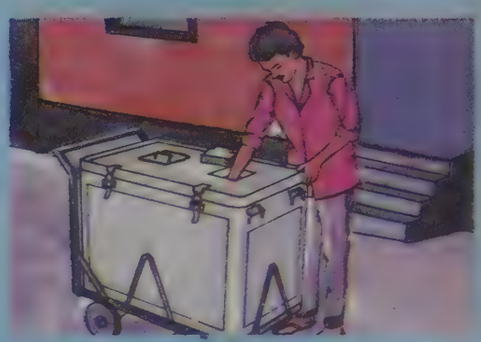
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EUROPE BY RAIL

A single woman's sojourn



What happens when your darling daughter, just out of her teens, decides to shoot off to Europe all by herself? Especially if it is her first trip abroad? What happens is you get hot under the collar — and let her go.

Everyone thought I was mad when I bought a Eurail pass from my meagre savings. "She doesn't even know how to check in," observed an anxious relative at the airport in Bombay.

Most people get very protective when a girl travels alone. On the flight to London, my first stop before the train sojourn, a suave gentleman asked where I'd be staying. "I've no idea," I replied. Horrified, he introduced me to an Indian lady on the flight, who promptly invited me to her home in London. I was thrilled — until she threw me out of the house five minutes after we entered her door. "How dare you talk to the bus conductor?" she glowered, referring to my query on the London Transport bus about weekly passes.

You learn a few lessons about human nature when you travel, but what do you make of a woman who kicks you out, then sends you off with a warm hug and a five-pound note for a cab?

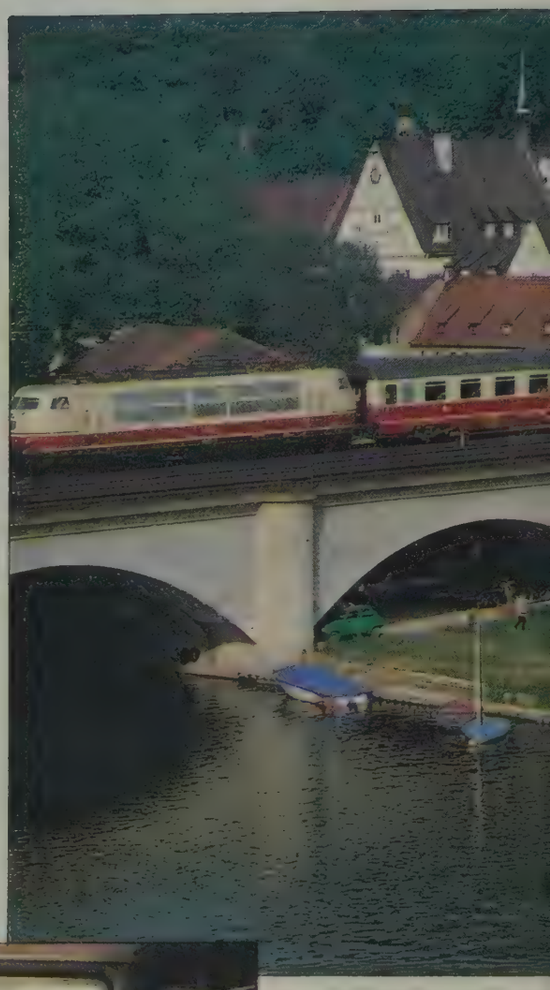
Travelling alone is a great way to meet people. The hostel in the middle of Holland Park was full of travellers on a budget, all young, all restless and all strangers in the night. The hostel itself — and perhaps the jet lag was partly to blame — felt cold and unwelcoming. But most people know someone — or of someone — in London and Lady Luck was smiling; a half-English cousin I'd never met before invited me to stay as soon as I rang her doorbell.

But getting comfortable in a home is hardly what travelling is all about and so, four days later, I was on a slow night boat to Amsterdam. From now, I would be truly on my own. Standing at Amsterdam's boat terminal surrounded by bags, I hadn't the faintest idea where to go. A young woman came up with an album of photographs. "That's our hotel," she said. "If you like it, we'll pay for your tram ticket." The Caravanserai, as it was called, was full of life — and had a gigantic portrait of Bhagwan Rajneesh at the entrance. Suddenly, Europe began to feel like home.

Except that home isn't always as beautiful — or as threatening — as Amsterdam can be. On a wine-and-cheese boat ride past gabled 17th century roofs along Amsterdam's canals, I met an Egyptian. "Indians and Egyptians have so much in common," he declared. "Shall we get together later to discuss our cultures?"

Nice, but it was European culture that interested me at that point, and the Eurail pass promised interesting opportunities. From Amsterdam, there was The Hague, 63 km away by train; Alkmaar, where weekly cheese auctions are held; Volendam and Marken, two traditional picture post-card Dutch towns.

Belgium, meeting point of Latin and Nordic cultures, was next. The train to Brussels, 150 miles from Amsterdam, was smooth and efficiently run, as are most other European trains. The station was well-equipped with food and drinks, baths and enquiry counters. The local transport was becoming easier to handle with time. What I hadn't bargained for was that French, German and Flemish were the official languages. Consequently, I got lost, trudging for one and a half hours with three bags, finding myself back every so often at the spectacular Grand Place with its medieval town hall. In no shape to appreciate beauty





Courtesy: TCI

Above: *Scenic Switzerland viewed from a train*

Left: *Plush interiors for a comfortable journey*

Extensive network

The extensive Eurail network covers more than 100,000 miles of rail lines across 17 European countries. Trains are frequent, and you can save on hotel accommodation occasionally by travelling in sleepers or couchettes. Light meals and refreshments are available on most. Free or discounted fares are available on ferries, steamers and buses if you have a Eurail pass.

Some sample journey times: Amsterdam to Cologne — three hours; Brussels to Paris — two-and-a-half hours; Stockholm to Goteborg — four hours; Barcelona to Madrid — six and three-quarter.

There is a choice of five passes to suit individual needs, with validities ranging from 15 days to three months: the Eurail Saverpass, in which you get 15 consecutive days of unlimited first class travel between 1 October and 31 March. Between April and the end of September, you need three people in the group to get a discount. The Flexipass Saver is similar to Saverpass but you travel on fewer days over a longer period — seven days of travel over a two-month period. On the



Courtesy: TCI

Travellers' tips

Travellers' cheques, instead of money, of course, are invaluable, but safeguard your suitcases too. Buy a tough chain and a lock, and secure your bags to something firm, such as the leg of your seat or the luggage rack. This is particularly useful if you are travelling alone, and need to visit the rest room, or shut your eyes while on the move. Once, in Rome, after checking out of the hostel, I tied my bag to a lamp post for half an hour while making a call. It was still there when I returned.

The theory is that you can save on hotel accommodation by travelling nights on the train. In reality, distances are too short to do this. Do join a youth hostel association if you are on a budget. Alternatively, instead of checking into hotels, look for pensiones which are cheaper and more homely.

Varieties of bread and cheese are lifesavers and there are more than enough parks where these can be eaten. If you need a hot meal but don't want to spend a bomb, consider a soup which comes with a lot of bread and butter. Check, however, if the restaurant has a cover charge before you enter.

Pick up the local words for "Please" and "Thank you". With well-connected metros, another useful sentence to know is: "Where is the station?" "*Ou est le gare, s'il vous plait?*" in France came in very handy every time I got lost. And never mind if you don't necessarily understand the local language; once you've got your request across, the verbal answer is usually accompanied by gesticulation.

London Transport passes are now available in India through Raj Travels. The advantage is you can buy it in rupees.

After a wonderful trip, you quickly come down to earth, courtesy a customs officer. One way to handle this, a friend advises, is to smile sweetly and announce: "Of course I have something to declare." Then pause before you say: "Let's see. One nail polish, a lipstick, no maybe two lipsticks, and what else... er, a couple of colognes...."

If you can keep this up for five minutes, chances are, he'll tell you to stop wasting his time!

of any kind by then, I collapsed into a hotel room that burned a hole in my pocket.

Delicious Belgian chocolates made up partly for the misery, but I decided to leave for Germany within 24 hours. The Eurail pass made flexibility possible, and I was debating whether to get off at Cologne or Dusseldorf. Eurail travel is a wonderful way to make friends, with other travellers and with local people, and I got talking to an Italian called Tatiana. "You'll get to Cologne at 2 am," she exclaimed. I was aware of this and had vaguely thought I'd spend the rest of the night in the station's waiting room. Tatiana would not hear of it; she took me to her boyfriend's house in Dusseldorf, where she was to move in that night. The boyfriend, Maximilian, turned out to be half-Indian, complete with grandparents in Bombay. One night, in a pub, a drunken man refused to leave me alone; Maxi, huge as a wrestler, warned him to lay off. "Indian girls are very shy," he said, "so don't you trouble her."

It was on the train to Italy that real protection was required; think of Italy as Europe's India, with overcrowded transport and greedy eyes at every step. Getting seats on any other train was easy, but the one to Rome was jampacked with Italians. The only seat I found on this overnight train was in the smoker's compartment. For some reason, these compartments are always full of leery weirdos popping into corridors for a drink, with cigarettes in hand. Certainly your purse — and parts of your anatomy — would be pinched here.

Other journeys were much more pleasant. After Milan, Italy's centre of commerce, came Bologna, with Europe's oldest university, founded in 425 AD. By train, it was just an hour and 45 minutes away at a distance of 219 km. From Rome, it was a three-hour journey to the Leaning Tower of Pisa. From Munich, it was just two hours and ten minutes to Innsbruck, Austria, 172 km away. You could explore mountains from the comfort of a cable car here. From Vienna to Salzburg, Mozart's birthplace, it was three hours and 23 minutes. Plus, there was the pleasure of the extras that that come free with the Eurail pass — the Rhine Cruise, Lake Wolfgang in Vienna, Lake Geneva... Filigree Florence, scenic Switzerland, perky Paris... they made for beautiful memories.

Surprisingly, I was rarely asked for visas while crossing the borders. But several times on the same train, the ticket would be checked. When a uniformed young man woke me up at 3 am, I yelled, in what I hoped was admirable French: "My ticket's been checked thrice already. Get lost." He gave me a quizzical smile and said: "French National Police. Passport, s'il vous plait." The smiling gentleman also demanded to know how much money I had; he wouldn't have smiled if he'd had reason to believe I was going to stay beyond what the visa allowed.

Considering the way I'd yelled earlier, he could have arrested me anyway, or at least said a few rude things in return. But only a French official could step off the train — and then blow a kiss your way.

Europe, as I kept discovering, was full of surprises — and what better way to experience them than by rail?

■ MENKA SHIVDASANI

Eurail Flexipass you travel only on days you want within a specific period, with nine days to travel within 21 days. In India, a five-day pass within 15 days is also available. Then there's the Eurail Youthpass, for those below 26, with second class travel — which in Europe is very comfortable. Plus, available in our country alone, is the Youth Flexipass Saver, with low second class fares and 15 individual days of travel within a three-month period, provided there are at least three people in the group.

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Switzerland, land of secretive bankers and superlative chocolates, is small — just 41,000 square km. The entire distance from the east end to the west can be covered by rail in 5 or 6 hours; likewise north to south. From Geneva, for example, Lausanne is 35 minutes away by rail, Berne about two hours, and Zurich, three hours. With a well-planned itinerary, the adventurous traveller can visit a city a day.

Though the distances are small, the fares are pretty steep. Consequently, the ideal, inexpensive, way to travel around is on a Swisspass (unless you are travelling by Eurail). An individual second class return train ticket from Geneva, for example, to Basel, Zurich, Lausanne and Berne, would total about Swiss Franc (SF) 250. But an eight-day Swisspass would cost just SF 195, allowing unlimited travel by rail, bus and boat. The 15-day and 30-day Swisspasses cost SF 235 and 325, respectively. The first class fares are SF 280, 335 and 465. The Swisspass includes travel into the Alps on well-known trains like the Glacier Express, Bernina Express and William Tell Express, the last named after the Swiss national hero.



Visit Geneva only if you want to buy a cuckoo clock, the traditional Swiss memento, as it's not as readily available elsewhere and is more expensive. However, once there, the visitor also cannot but stroll around the harbour of Lake Leman, amidst which rises a 460-feet high fountain and beyond which Mont Blanc can be seen on a clear day. Close by, near the Flower Clock on the promenade, is Geneva's banking district, with row upon row of well-known international banks. Of course, the United Nations' imposing European headquarters are also worth a visit.

Like Geneva, Lausanne too borders on Lake Leman. If there is time to spare, the visitor should stroll down the cobbled slopes of the city, past the Gothic cathedral, right in the middle of a busy street, to the quay at Ouchy, for a panoramic view of the harbour.

Just over an hour away from Lausanne is Montreux, where the chateaux du Chillon, immortalised by Lord Byron in his poem, *The Prisoner of Chillon*, is located on a ledge jutting into the lake which stretches for miles around. Though not very big, the turreted, brown stone chateau is definitely worth a visit, and the journey to Montreux itself is an experience. The train winds past terraced vineyards, rising above the lake on one side and the Alps on the other. Vevey, headquarters of chocolate giant Nestlé, also flashes past on the way.

From Montreux, the next halt could be Gruyeres, a typical alpine town, where the well-known cheese of the same name is made. The dairy is open to visitors.

Among standard tourist halts like Geneva, the Swiss capital, Berne, is often given the miss. It should not be. More picturesque than the other two cities, Berne has a distinct identity of its own. Built on the rock-face hewed by the river Aare, Berne is famous for its medieval shopping promenade, where street upon cobbled street is uniformly lined with sandstone buildings with red flowers on every window sill. The city has nearly 100 fountains, many of them at short intervals on the promenade, where an ancient clock tower is also a landmark. So is the bear (heraldic animal of Berne) pit and the houses of Parliament. Just about half an hour away, Fribourg, twin city to Berne and built like it on a ravine, also has a haunting character of its own.



Left: ***A breath-taking land of contrasts***

Below: ***Picturesque Zurich, full of secretive bankers***

Switzerland is not renowned for its museums and art galleries, but the National Museum in Zurich does house a good collection of old masters. Fraumunster, an ancient church in the old quarter, also has an unusual collection of stained glass windows designed by Marc Chagall.

A holiday, whether in summer or winter, would be incomplete without a trip into the Alps, especially on the innumerable ropeways and cableways that Switzerland is famous for. Perennial favourites, of course are jaunts to the fashionable ski resorts like St. Moritz and Gstaad or to Interlaken for its proximity to the Jungfrau, Zermatt and the Matterhorn. Also, from Engelberg, a 45-minute ropeway trip goes headlong into glacier country Titlis.

What better way to escape an Indian summer?

■ INDIRA KHANNA

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LONDON

For work and play



Come summertime and it's suddenly the season for that all important overseas 'business trip'. Corporate managers and businessmen flock to London like so many homing pigeons. Beyond the usual shopping and sightseeing circuits there are places that even businessmen on the move may find it well worth their while to visit.

British industry is visitor-friendly and a number of companies and commercial establishments have sectors that are on public display. Some are closer at hand in Central London itself. Others could make for a rewarding day-out trip in the countryside. Depending on your field of interest, there is a wide variety from which you can take your pick. Most are open year round and no prior appointment is necessary unless it's for a group of 20 or more people. Here is a selection:

Lloyd's of London: The world's leading insurance market is housed in an architecturally awesome steel and glass structure that towers above Lime Street in the city of London. It bears no resemblance to Edward Lloyd's coffee house where the business had its origins over three centuries ago.

Almost anything can and has been insured at Lloyds, from Betty Grable's million dollar legs to Bruce Springsteen's vocal chords (for £3.5 million). A consignment of dead rats to Greece was covered for £110,000 and so was the Premier Rose diamond (for £5 million) whilst being shipped from South Africa to New York.

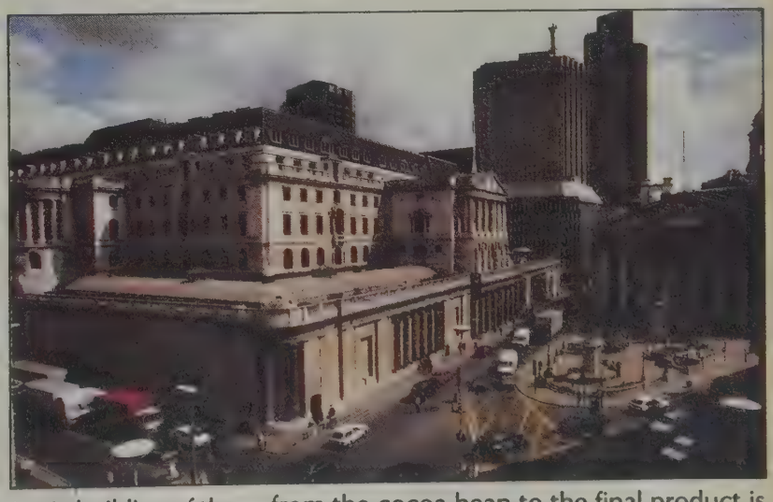
Such covers are possible primarily because of the unique characteristic of this institution whose members have unlimited liability extending to their personal wealth.

Each Lloyd member known as a 'Name' — and there are 28,700 of them — belongs to one of the 400 underwriting syndicates that are allowed to operate here. The Names do not deal directly with the insured but through brokers. (There are 260 brokerage firms accredited with the Lloyds Council.)

A glass lift outside the building takes the visitor up to the viewing gallery. The 93 metres high atrium is a breath-taking sight and looking downwards you can see the marble floored underwriting room. Even in the 21st century surroundings, history has been carefully preserved. A wooden rostrum houses the ancient Lutine bell that is still rung for an important announcement — two rings for good news, one for bad.

The Bank of England Museum: Most visitors to London are not aware that the central Bank has a museum that explains in fine detail its origins and activities. Most Londoners themselves are oblivious to this fact. Not too far from Lloyds is the majestic building of the 'Old Lady' of Thread Needle Street, as the Bank is commonly called.





Above: *The marble-floored underwriting room of Lloyd's seen from a 93-metre height*

Right: *Bank of England: a walk into history*

At the entrance, visitors are greeted by the Bank gatekeeper dressed imposingly in a salmon pink jacket and red waistcoat. Entrance is free but a £1 payment can get you a tape recorder and earphones for a guided tour commentary of the place. As you enter you step right into history — the reconstructed version of the eighteenth century banking hall, the bank stock office, originally built by architect Sir John Soane. A scene from the past is recreated here. Behind the mahogany counter are lifelike models of two bank clerks attending to a lady customer wearing the costume of those times.

Displays of memorabilia trace the history of this impregnable institution that presides over what is today a sophisticated financial centre. A silver tankard presented to Sir John Houblon, the bank's first governor in 1696, the various *avatars* of the pound note and, occupying pride of place in a glass show case, the gold bars that the Bank owns. The last stop on this journey is at an interactive video screen that offers a lowdown on the Old Lady's role today in monetary policy, managing the country's foreign exchange reserves, printing money and monitoring financial markets.

Cadbury World: The world's best known chocolate factory opened its doors to the public in the summer of 1990 when it set up a permanent exhibition on the chocolate experience. A trip to Bournville, just outside Birmingham, can be fascinating for the whole family, especially the kids. The chocolate story which uses three dimensional images and audio visuals starts with the Aztecs in Central America who worshipped the chocolate god and concocted a spicy chocolate drink — one cup of pure gold.(Visitors can sample this too!)

The exhibition also includes a demonstration area where the production process from the cocoa bean to the final product is shown. Since January this year, Cadbury's high speed packaging plant is on view too. The smell of chocolate has a high of its own. In any case, your head is reeling already with amazing chocolate facts such as: the amount of money consumers spend on Cadbury's Dairy Milk each year could buy 1,000 Rolls Royces!

■ NAAZNEEN KARMALI

NEPAL

More than a hippies' paradise



Unfortunately, or fortunately, Nepal is still a hippies' paradise in the minds of many. Unfortunate, because that makes most people bypass Nepal as a tourist spot. But, also fortunate because that means the crowds have yet to discover Nepal — a paradise for the adventurous, a trekker's dream, home of the Himalayas. Nepal has its glitzy attractions like the Casino Nepal at the Soaltee Oberoi, but for the discerning traveller looking for action or mystery, this country has it all. And the hippies are disappearing, like the values and times they stood for.



Right: *Tigers are rare,but rhino-watching has its excitement too*

Far right: *Tiger Tops Jungle Lodge: a natural version of five-star luxury*

Below: *Pleasure of another kind at Casino Nepal*

The country's name derives from Ne, the name of a wise *rishi* of some bygone age, and *pal*, a Newar word meaning "the land protected by". Nepal — the land protected by the wise Ne.

Located between India and China, this land-locked country looks like a humped rectangle measuring 845 km from west to east and between 120 and 200 km north to south. Wrapped in the mists of the Himalayas and time, Nepal sprang, according to myth, when the god of wisdom, Manjushri, saw the valley flooded and struck the Chhobar rock with his magic sword. Water flowed out through this, thus saving the population. To this day, the Chhobar Gorge is a place of worship and a magnificent tourist spot.

Most visitors from India take a Royal Nepal Airlines flight from Delhi, though mystical Varanasi makes a good stopover too. Kathmandu Valley, as you touch down at Tribhuvan International Airport, is surrounded by breath-taking snowcapped peaks. The valley has three cities of historic and cultural interest — the capital Kathmandu; Patan, 5 km from Kathmandu on the southern bank of the River Bagmati; and Bhaktapur, 14 km away from the capital and the home of medieval art and architecture.

Basantpur Square in Kathmandu houses the once famous Freak Street, which is now being abandoned by low budget tourists in favour of Thamel. Interesting souvenirs may be bought in Basantpur, such as the *kukhri*, which is used for everything from sharpening pencils to slaughtering goats. But be warned; astute vendors, it is said, buy junk and sell 'antiques'!

Further up is the Palace of the Living Goddess, a structure with intricately carved wooden windows from which the little girl *Kumari* peers out for the benefit of tourists every so often. "Entry for Hindus only," said a board at the foot of the staircase inside. I went upstairs for face-to-face contact with the carefully chosen child goddess from the Newar Buddhist clan, before whom even the king bows down.

There she was, this incarnation of Durga, *kajal* across her forehead, frowning, pencil in hand, over an exercise book. Seeing the unwanted visitor, she quickly sat in regal cross-legged pose, disdainfully refusing to answer questions. Further up, in a temple, eight decked-up little girls were being 'married' to a *bel* tree. This would prevent them from being considered widows even if their real husbands died in future, one mother said.

There is a sense of holiness everywhere. Six-and-a-half kilometres west of Kathmandu's centre, on the top of a hill, the Buddha's eyes watch you from Swayambunath. One of the oldest stupas in the world, its foundations are said to date back more than 2,000 years. The present structure, built during the seventh century, has a lofty conical spire with a copper gilt pinnacle set against a mountain backdrop. On all four sides of the bases are painted the Buddha's all-seeing eyes.

One of the oldest Buddhist cities in the world is Patan, "the city of the thousand golden roofs". Patan's Durbar Square is full of ancient palaces and shrines. It also houses the ancient royal palace, the oldest part of which was built during the rule of King Narsingha Malla, between 1620 and 1661. One temple, guarded by two non-descript statues of lions, is the stunning Golden Temple, said to be the most beautiful in the valley. *Patakas*, gilded metal banners hanging from the roof of the inner sanctuary, are supposed to guide prayers to the abode of the gods, or the gods themselves down to devotees.

The third city in the valley, Bhaktapur, is shaped like a conch shell and covers four square miles. At Bhaktapur's Durbar Square is the Palace of 55 Windows, a splendid example of 18th century architecture. Close to the nearby Vatsala Temple is a gigantic "dog barking" bell. Its sound was supposed to chase away the god of death, ensuring the king a long life.

On the right bank of the Bagmati is Pashupatinath, an important pilgrimage site. Non-Hindus are not allowed in the temple



kilometres west and a half-hour flight from Kathmandu.

Picturesque Pokhara has the lakes Phewa, Begnas and Rupa, and offers stunning views of the soaring Macchapuchare and Annapurna. At the charming Fishtail Lodge, accessible only by a wooden raft, they told us Prince Charles had stayed in the room we were in. We were sceptical but discovered that the room did offer the best view of Annapurna on a clear day. Across the Phewa lake, away from the five-star facilities of Fishtail Lodge, we were served *rakshi*, the barley-based Nepalese drink, in a tiny restaurant. It





came in what distinctly looked like some trekker's discarded plastic bath mug.

If you survive the *rakshi*, visit Dhulikhel, 30 km east of Kathmandu on the Kathmandu-Kodari highway. Suspended above terraced rice fields, this little township offers a panoramic view of the central and eastern Himalayas, from the Ganesh Massif on the left to Mount Everest towards the east. Consider a night — or at least an outdoor meal — at the Dhulikhel Mountain Resort overlooking the Panchkhal Valley.

If so inclined, thrill to the pleasure of trekking up towards a snow-capped peak. Actually, June to mid-October is "not too well suited" for trekking, according to Robert Rieffel's authoritative guide *Nepal Namaste*, because the clouds conceal the mountains and trails turn to rivulets in the rain. So if it's outdoor adventure you want anyway this season, take the other option (the one that gives you excitement the lazy way!). River rafting is one of the nicer experiences during a trip to Nepal, and the bonus is that you can tie it in with rhino-watching in the jungles.

Several agencies offer rafting and wildlife packages, but Tiger Tops, which has had distinguished visitors like former US President Jimmy Carter, is said to be the best. Truly a five-star holiday — they have just tied up with the Taj Group's Hotel De L'Annapurna in Kathmandu — the river trip costs Rs.2,650 for a night and two days, including meals, transport, equipment and the government permit. The raft takes you towards the jungle, and though they don't bait tigers any more, you can have your share of chills, spills and thrills — with a natural version of luxury thrown in too. The first time I did this trip, a wave threw the raft nine feet into the air — and never mind that I couldn't swim. "What are you worried about?" asked Madhu Gurung, the guide. "We have grandmothers doing this trip!"

It proved addictive, the liquid diamonds bursting on your skin with every wave, the cosy nights around campfires on the river banks. But there was more to come — elephants, one-horned rhinos, and somewhere in the vicinity, as alarm calls of the deer told you, a tiger. The elephants came first; and if you're flying in, to the smallest airport in the world at Chitwan, you use the same ladder to get onto their backs as as the one you do to get off the plane. Sometimes, cattle have to be shooed off the runway before the plane can land.

The rocking motion of the elephant soon becomes painfully familiar, as you spend aeons upon its back, tracking wildlife at the strangest hours. Our elephant almost killed a chital as it lay hidden in grass as tall as him; the elephant reared back just in time. Another day, we were charged by a rhino; on a third, we came across pug marks so fresh the elephants squealed in alarm.

Are these wild creatures genuine? Of course. But the Tiger Tops people, grinning wickedly, tell some interesting stories. For instance, whoever told you rhinos and tigers are sworn enemies? They were once seen, ambling towards each other to say hello. It turned out one had the cigarette, the other the lighter....

■ MENKA SHIVDASANI

courtyard; but for them, there is a wealth of curios in the handicraft stalls en route. Persistent Nepalese stall owners will quote exorbitant rates, then quickly slash prices as you walk away. Meanwhile, tour groups are in danger of falling apart at Pashupatinath; one Hindu family on our bus disobeyed the guide and stayed in for the hour-long puja. They had some unholy things to say when the bus left without them!

Temples and palaces, handicrafts and crafty sellers have their own attraction. But after four days in Kathmandu, you might want to move on. Consider Pokhara, 200

SINGAPORE

A colourful mosaic



Antiseptic streets and endless shopping... that's the popular image of Singapore. But the 43-kilometre long island has much more to offer.

For outdoor types — and the kids love it — there's Singapore's famous Sentosa island resort. Cycling, boating, canoeing, windsurfing, golfing, skating — you name it, Sentosa has it. And if you're not feeling madly energetic, you can stick to just swimming. Or better still, curl up on a deck chair. Sentosa also has an excellent museum. Using advanced audio visual technology, the museum recreates two important events of World War II — the surrender of the British to the Japanese, and the subsequent reversal.

In the city, there is a wonderful zoo, with natural water and rock barriers instead of the usual iron bars. The animals include polar bears, iguanas, a white cobra and two Komodo dragons, the famous giant lizards of Indonesia which look like leftovers from the age of the dinosaurs. The zoo has a special orangutan breeding programme and also arranges breakfasts for tourists every day, when they can feed these huge but friendly animals. Likewise, at the Jurong Bird Park, tourists can breakfast among dozens of Singapore's famous singing birds. The park also has the world's largest walk-in aviary.

Immense care goes into maintaining such places — and, for that matter, all of Singapore. We even saw a man with a brush and a pail of water industriously scrubbing a tree!

But even in this city, replete with glittering skyscrapers, and shopping plazas and a futuristic Mass Rapid Transit underground rail system that has to be seen to be believed, the diverse cultural influences — Chinese, Malay, Indian — are not lost. Little India or Serangoon Road is really a bit like being back home, what with shops selling spices, *idli* and *dosa, saris* — complete with a friendly neighbourhood *paanwallah*.

Chinatown again is an exotic mosaic of small shops with Chinese silk, red tea pots, hats, slippers, vegetables and fruits (including the durian, with its overpowering aroma). Old women shuffle around in traditional blue blouses and baggy black pants, while housewives pass by in trishaws.

There is also the range of cuisines — Chinese, Indonesian, Malay. And the Chinese food is not just one monolithic category, but includes the provincial varieties like Hokkien, Hakka, Hainanese, Hunanese, Szechuan, Peking, Shanghainese and so on. And for lovers of sea food, the chefs of Singapore have ways of serving up crabs, prawns, lobsters, oysters, cuttlefish and squid that can leave one with mouthwatering memories for years. And while you're at it, you may as well check out the frogs' legs.

There are now hectic plans afoot to restore Singapore's colonial legacy. Perhaps Singaporeans have realised that having a modern, clean and efficient city is not enough for tourists; what visitors look for is local culture and colour. And also for some of the decadent attractions that Singapore was once renowned for! Perhaps that's why Bugis Street, known for its glitzy night life and transvestites, is being restored, "smells and all".

On a more respectable level, the stately Raffles Hotel, named after Sir Stamford Raffles, a British East India Company official who claimed Singapore as a regional base, is being renovated and restored to its former 19th century glory. Another building of that era, the Empress Place — named after Queen Victoria — has also been refurbished into a beautiful exhibition hall, displaying, among other things, rare and priceless treasures of the Chinese Qing dynasty.

And of course, there are Singapore's shopping malls. Most Indians make a beeline for two shops in Serangoon Road — Mustafa and Kalyan Sundaram. They cater specially to Indian tourists — with Hindi film songs playing in the background — and stock all the standard favourites, from two-in-ones to Camay soap. For classier shopping, try Orchard Road.

Perhaps one of the nicest things about Singapore is that it's so safe. You can move around the city till quite late, without any fear of chain snatchers or molesters. And people on the road are polite and helpful — including taxi drivers, not a breed known in most other parts of the world for charm and good manners.

■

POONAM SAXENA





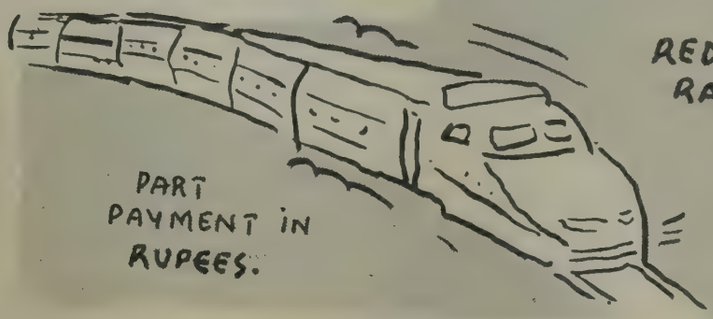
Above: *Skyscrapers and shopping...but Singapore has more to offer*

Left: *A wealth of culture hides beneath the modern facade*

1991

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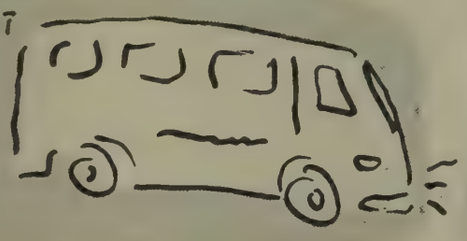
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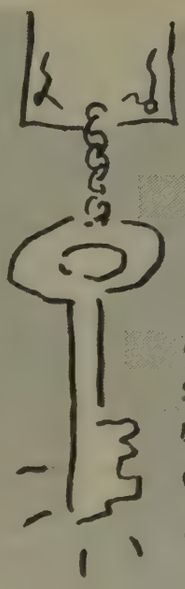
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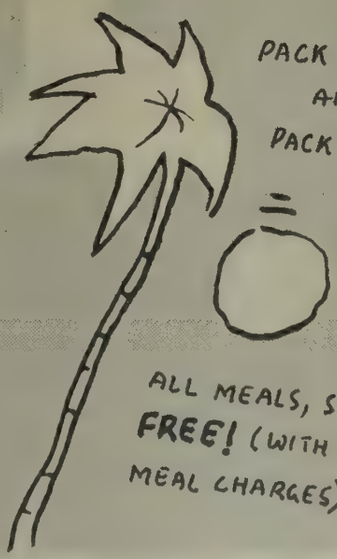
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GOA

Beyond the beach and feni



Think of Goa, think of the sand; of the sea breaking against rocks, or swishing gently along the shore. Think of sunset-shaded cocktails made of feni; of lobster thermidor and mussels. Think of Goa as a place where there's nothing to do — bliss or boredom depending on how often you've done it before.

Then think of another Goa, where feni is not merely drunk, but distilled; where glazed pottery is not just sold, but made; where genteel families live in ancient mansions full of treasures, and farmers atop 50-foot-high trees pick betel nuts.

"There's so much more to Goa than people think there is," says an excited Gautam Sen Gupta, the Taj Group's regional manager, sales and marketing (western region).

The Taj-run Fort Aguada Beach Resorts has just introduced special tours to give their guests an insight into another Goa. So far, they have had short conducted tours around the beaches and Mapusa market on their holiday packages. Now, they have introduced forays into history and the lush interiors of their land.

On Mondays and Wednesdays is the popular river cruise on the Mandovi to Old Goa, combined with a boat tour with dances and serenades against the setting sun. On Tuesdays, it's Vishnu Mandir on Savoi-Verem, with lunch at a rustic plantation, followed by a trek up a pineapple-laden hill to digest it all. On the Thursday Crafts Tour, you can visit a pottery making unit at Bicholim and see cashew feni being distilled. On Fridays, it's the Panjim Experience, complete with dinner in a 150-year-old home. Saturday is a cruise to Old Goa and the Countryside Tour. And on Sundays, it's a trip to Chapora Fort near Vagator beach, a walk down to Shree Siddheshwar Mandir and tea at a Goan mansion. Take your pick, and your walking shoes!

On the Crafts Tour at Bicholim earlier this month, Avril Rand, an English woman, tried her hand at the potter's wheel. All around, about 20 local girls pressed clay into moulds — giant tortoises, horses, dancers. Rand's efforts were not quite as perfect as their's but she was delighted at the chance to get involved.

A few minutes later was another kind of heady experience — a cashew distillery, with its overpowering



The Viceroy's Arch in Old Goa: reliving the splendour of the past

aroma, the workers crushing the fruit with their feet, a taste of the first distill called *uraq*, and fresh roasted cashews.

The serene, shaded streets of the Latin Quarter in Goa's capital, Panjim, have a beauty quite different from that of the cashew fields. The owner of a 150-year-old home shows you around, with a century-old table standing in his living room and the stone walls two feet thick. In the dining room next to a 200-year-old chest, a traditional Goan meal is served.

And the food alone in Goa makes it worth the trip. Wherever you are, there is seafood — the Aguada has a seafood platter rich with lobster, tiger prawns and kingfish, but gourmet gluttony can be special at restaurants all along the beach. At Calangute one star-spangled night, there was blue marlin cooked in garlic butter. The rare catch, I was told, was the length of an Ambassador car.

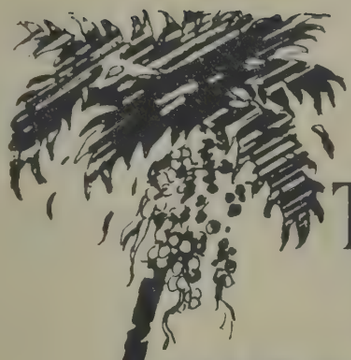
The food on the Countryside Tour was memorable too. Served on a 2,500-acre plantation, among 1,000 areca nut trees, it came in vessels made of dried betel leaves and on plates of plantain leaves. *Rajma* and prawn curry, *pulao* and pickle, fried prawn and clams from the neighbouring river. You discovered another use for fingernails, scooping the clams from their shells, throwing all sophistication to the winds. And for dessert, fresh jackfruit, and pineapple from one of 45,000 bushes in the vicinity. Mineral water gushing out of a nearby spring washed it all down.

And then the trek with geologist Suresh Mahambre as guide, picking wild berries on the way, and an occasional raw mango; the ache in your joints vanishing at the view. This is another image of the land, after the morning spent in Old Goa and its breathtaking churches with their incredible gilt wood carvings. The artisans, says a Taj guide, came from the village Ribandar where the salt pans are visible as you glide up the Mandovi.

If there is time, and energy, left, you could revisit 16th century Old Goa, "the Rome of the Orient", after the trek. There's the Church of St. Cajetan, the Se Cathedral, the ruins of the Church of St. Augustine and the Basilica of Bom Jesus which houses St. Francis Xavier's relics in a silver casket. Too bad the return journey is by bus, not back along the river as it was in the morning, when you'd passed the islands of Divar where the business class used to live, and Chorao, now a bird sanctuary.

Even the Siberian crane recognises the charm of Goa. It stops at Chorao before moving on.

MENKA SHIVDASANI



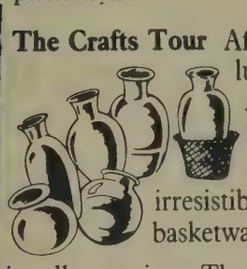
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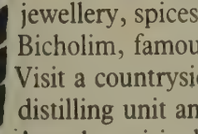
Countryside Tour Post-breakfast coach trip to submerged Vishnu Mandir at Savoi-Verem. Enjoy a Hindu-Goan lunch on a plantation. Visit Kunbi tribal homes and a supari plantation.



The Crafts Tour After lunch, to Mapusa market – irresistible basketware, jewellery, spices. Then to Bicholim, famous for pottery. Visit a countryside cashew-distilling unit and return to Aguada, spirits high!



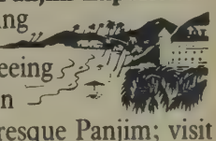
The Chapora Tour After lunch, a coach trip to Chapora for a trek up to the pre-Portuguese fort. Walk downhill to Vagator with its pretty fishing village and rock-cut Shree Siddheshwar Mandir. Teatime at a Goan mansion, and back home.



Old Goa & Sunset Boat Tour Afternoon cruise up Mandovi River. Visit Portuguese Goa's famous Cathedrals. At sunset, feni cocktails and cruise past Reis Magos fort, with Goan folk dances and music.



The Panjim Experience Evening sightseeing tour in picturesque Panjim; visit the old-world Latin Quarter, view panoramic cityscapes from Altinho. Shop awhile; stroll along Miramar Beach. Sundown brings cocktails and dinner at a Goan home.



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MUSSORIE EXPERIENCE

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KIHIM

Tented comfort



A wind-whipped sea along the Maharashtra coastline plays endless symphonies to a range of beaches — from Gorai to Mandwa to Alibag to Kihim — all within a few hours from Bombay. Of these, Kihim is the least known, though R.K. Mehra of Mehra Carpet Manufacturers (MCM) has lived there for nine years in a home built by Charles Correa; the Godrejs and the Mehras of Orkay Silk Mills have bungalows too. It was this beach that naturalist Salim Ali made his home as he watched the baby kingfishers and other birds.

Lately, it has become popular with picnickers desperate to escape from Bombay. It is close enough, with a one-and-a-half hour launch ride from Ferry Wharf to Rewas and a 20-minute auto ride along a scenic route. And for added convenience, for those who want it that way, thrice-weekly package tours take visitors from Gateway of India to the Kihim Beach Resort, at Rs.1,400 per couple for two nights and three days. Contact Maharashtra Tourism Development Corporation (MTDC) for bookings.

Originally built by MTDC, the tented camp has been taken over by the Mehras of MCM on a 60-year lease. Nestling on the Kihim shoreline, the 6-acre property houses 45 tents, complete with beds, steel cupboards and a toilet tiled with a sand-streaked design. Buffet meals with a home-cooked flavour are served here under a thatched roof, the freshly cooked seafood some distance away in deference to the vegetarians. "It's home food because I eat the same thing myself," laughs Mehra.

Just opposite the resort are some rather formidable rocks, but a few metres away to the left is a welcoming sea. The islands Undheri and Kundheri, the latter a naval base, overlook the waves. And further up along the beach is Navgaon, where the Kolis live, plying their trawlers at night to catch crabs

Other getaways

Kihim makes a superb gateaway for people living in Bombay. But where do those from up north or down south go for that quick holiday? Here are some destinations you could visit.

FROM DELHI

Timber Trail

The Timber Trail Resort is a panacea for tired travellers. Located on the Shimla-Kalka highway, 35 km and a two-hour drive away from Chandigarh, it nestles in the picturesque Shivaliks. A delightful cable car takes you to Timber Trail Heights on the hilltop. A single room at either place costs Rs.390, and a double, Rs.490.

Khajjiar

Tucked away in the Ravi valley and surrounded by gigantic deodar trees, Khajjiar highlights Himachal Pradesh's rich natural beauty. In the centre of a grassy meadow, 1.5 km long and 1 km wide, and surrounded by cedar forests, is a small lake, the *kund*. Khajjiar, 1,890 metres above sea level, is linked by metal road to Dalhousie, 27 kmaway.

From Delhi one has to go to Pathankot by train — by the Shalimar or Jhelum expresses, or the Jammu-Tawi and Kalka mails. The approximate rates for A/C first class is Rs.525 and second A/C is Rs.320. The first class fare is Rs.250 that and for second class is Rs.85. Pathankot is connected to Dalhousie by bus.

Himachal Pradesh Tourism has a number of lodges there. Holiday-makers can go trekking and golfing.

FROM MADRAS

Mamallapuram

Mamallapuram is 58 km south of Madras. Situated on the shore of Bay of Bengal, it was once a Pallava port and is full of unique monuments. A good road connects Mamallapuram with Madras. By rail, Chengalpattu on the Madras-Tiruchi section of southern railway, is 30 km to the west. There is also a flight from Madras.

Stay at the Ashok-Temple Bay (ITDC Beach Resort); Rs.395 for a single room (A/C), Rs.595 for a double. There's also the Beach Resort Complex, with rooms from Rs.175 for a single (non-A/C).

Kancheepuram

This golden city of temples is 76 km from Madras. Kancheepuram was the historic capital of the Pallavas, between the 6th and 9th centuries. It later became the citadel of the Cholas, the Vijayanagar kings, the Muslims and the British. It has been a centre of Tamil learning and culture for centuries. Adi Sankaracharya established his episcopal seat (Kamakotipeetam) here. Thus Kancheepuram was a meeting place of different cultures.

The nearest airport is Meenambakkam in Madras. By rail, it can be reached via Chengalpattu from Madras. It is connected with all major cities by road. Accommodation is at Hotel Tamilnadu (TTDC) where an A/C room costs Rs.170, and a non-A/C, Rs.110.

Chidambaram

Chidambaram is also known as Thillai since the area was originally covered by a forest of *Thillai* shrubs. It is an important pilgrim centre and a holy place for Saivites as the famous Natarajan temple is located here. Pichavaram, a backwater resort, is 16 km east of Chidambaram. It covers an area of about 3,000 acres crisscrossed by backwaters, and is really a number of islands. The mangroves on the shores of these islands provide an alluring charm. It is an ideal place for water sport.

The nearest airport is Tiruchi, 194 km away. Vayudoot air strips are at Neyveli (45 km) and Pondicherry (70 km). It is connected by rail with Tiruchi, Madurai, Madras, Bangalore, Rameswaram and Tirupathi. It is also connected by road with all major towns.

Accommodation is at Hotel Tamilnadu (TTDC), with rooms starting at Rs.50 for a single, going up to Rs.260 for a deluxe air-conditioned room. The Arignar Anna Tourist Complex (Pichavaram) has double bed cottages at Rs.60.

Yercaud

Yercaud is in the Servaroyan hills (Shevaroy range) of Salem district with temperatures that range between 29 and 13 degrees C. With such a salubrious climate, Yercaud can be visited the year around. It is an hour's drive from Salem and is the least expensive among hill stations in India.

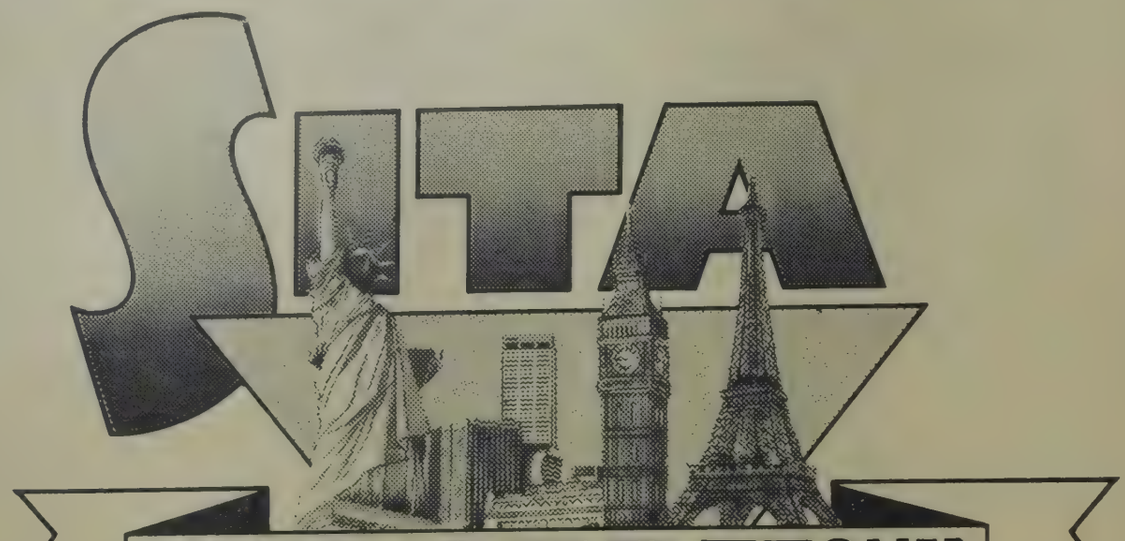
The nearest airport at Tiruchirapalli is connected to Madras and Madurai.

The nearest rail heads are at Salem junction (32 km). Bus services operate from the former and the Salem Municipal Bus stand to Yercaud frequently.

Here too, the TTDC's Hotel Tamilnadu has family rooms with three beds for Rs.185 between April and June. Double rooms are also available.

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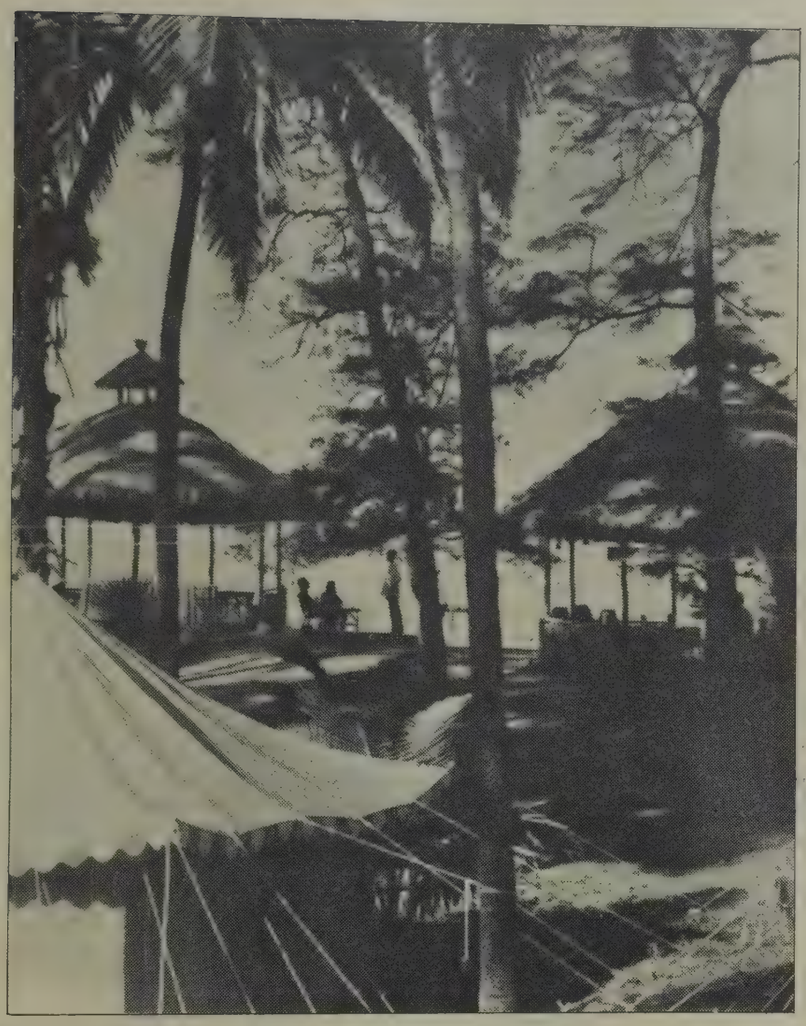
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bleeds when it is scratched.

At night, as you sip your drink, the clarity of the stars takes you by surprise. In the distance, past the coconut trees and neem, the city begins to twinkle under a deepening sky. And all the while, the sea murmurs, a few feet away.

In the morning, you are in the water again, savouring the splendour of the sea as you soak in the sun.

If you want a bit of history, take time off for a short walk past the Orkay property to a monument built in memory of the Bene-Israelis. Two thousand years ago, while fleeing from the Greeks, their ship, the *Antiodius Epaphanes* was wrecked at Navgaon.

For variety, Alibag and Mandwa are just a few minutes away. Vijay Mallya's caretaker is unlikely to let you view his vintage car collection in Mandwa, but the beach makes up for the disappointment. For a touch of excitement, consider a midnight trip to the Mandwa pier; as the water laps at the wooden supports, you just might glimpse a bit of smuggling as well.

And if you don't get caught in one of the luckily-not-frequent police raids while doing that, come back and tell your friends they ought to be visiting Kihim too.

■

MENKA SHIVDASANI

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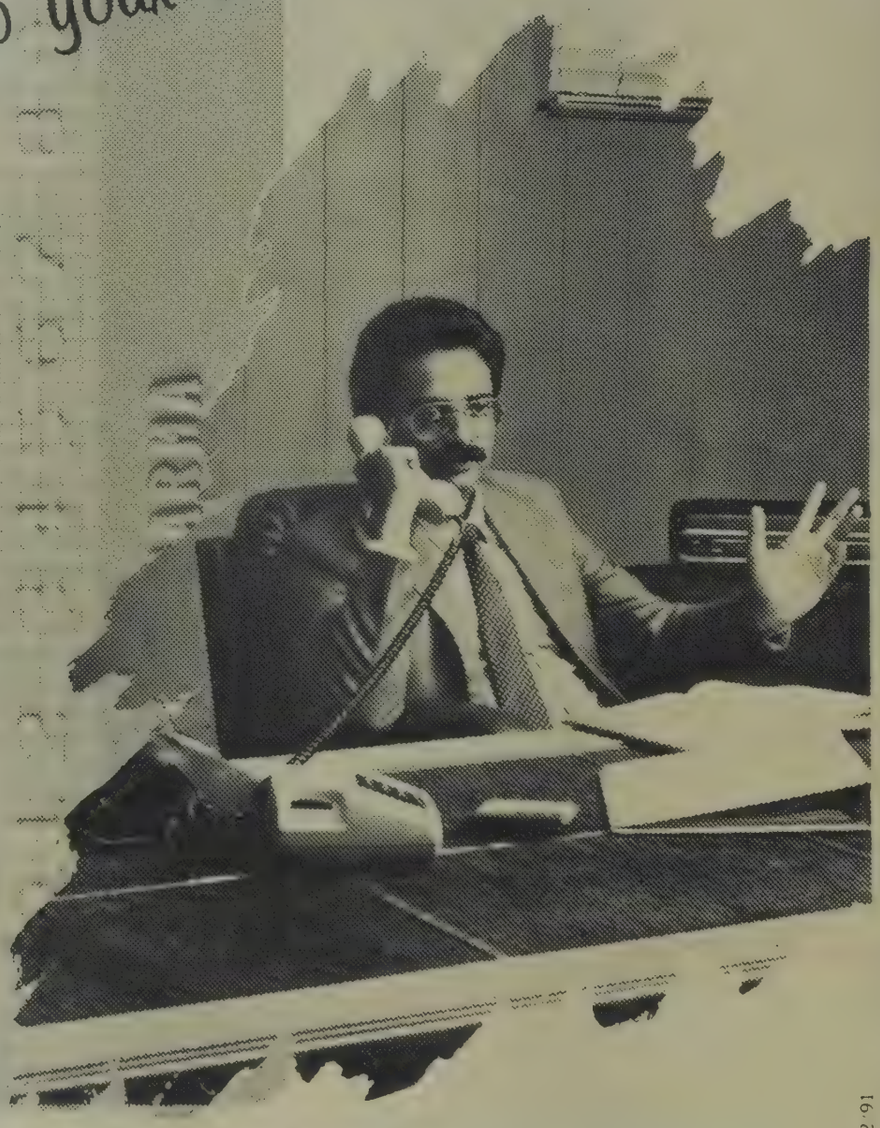


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KABINI

Call of the wild



They say the best thing to do when faced with a crocodile is to pinch its nostrils. The creature will be so confused it will open its jaws to breathe. All you have to do then is to slip in a log and jam the jaw. Then let go of the nostrils and swim to safety.

In practice, what happens is that you start screaming "Help!"

"Relax, this is adventure tourism," says Sundar, our man for every thrill, at the Kabini River Lodge, as he urges our coracle boatman to edge away slowly from the crocodile couple that we have disturbed at their siesta. "Don't put your hand in the water, and breathe normally," he says. Even this is quite difficult, as the coracle is just a layer of skin, buffalo hide, stretched and tarred over a frame of bamboo in a saucer shape with us at the bottom. The crocodiles have disappeared and could at any moment thrust their snouts from under us, but Sundar points out that it's they who are afraid of us, for we have drifted too close to their nesting ground.

The moment passes and we are once again being whirled around in two coracles, surrounded by some of the wildest scenery to be experienced in the south. A storm is bearing down at us. Birds in the artificially dammed Kabini reservoir are on the wing and we don't have to use Sundar's binoculars to count more than two dozen varieties.

Colonel John Wakefield, or Papa, as everybody calls him, is waiting for us in the heavy duty Maruti Gypsy. Could that be a smile that he is filtering through his Cossack moustache, as he watches us valiantly slithering through the mud, sliding on our bottoms, turning up our noses at a stinking dead fish being pecked at by a buzzard nearby, and just barely coping with the undergrowth?

Kabini River Lodge is not for the faint-hearted. The booking has to be confirmed at Bangalore, at the Shrungar Shopping complex on M.G. Road. There's no question of landing up at the Kabini Jungle Lodge and asking to see the manager.

As the tourist literature will tell you, the place was used as a Viceregal lodge and later by the Mysore Maharaja to entertain his special guests. The main building is red with tiled sloping roof and gables, verandahs with railings all around. It is set on a slight elevation, looking down towards the lake, and has a handsome formal garden in front. The new wings to accomodate the additional beds have been built in the same architectural style. After hurtling through the wilderness of H.D. Kote, or Heggaddevankote, as the district is known, the dignified order of the lodge takes you by surprise. Far away, you can catch a glimpse of the Brahma Giri hills.

Close to crocodiles on a coracle ride



"Lunch is at Gol Ghar," says the housekeeper, Ann, pointing towards the lake. We can see a large thatched structure, open on all sides like a Victorian folly, with cane furniture. Along one side, is a buffet counter. The staff appears with drinks, plates and the first signs of lunch. Two men carry a long metal trough with a burning log in the middle of it. They slide this through a slot under the service counter and this serves as a warming tray for the food.

At the same moment Papa Wakefield appears, assisted by his *aide-de-camp,* Sundar. Papa is leaning on a sturdy wooden stick. He takes one look at my boots and says, "Yes, umm, well, you better take this stick. You need it more than I do."

From then on events take an unreal technicolour film aura. There are rides in the Maruti, on elephant and in the coracle. The jungle unfolds under Papa's experienced hands until it seems we are standing at the very beginning of creation, insignificant bipeds dwarfed by the lords of the jungle, the teak trees filtering the light, through which pass the herds of deer, wild pig and, most magnificent of all, the elephants. We don't see tigers or the leopards.

On our return journey, Papa tells us about the problems of running a place like Kabini. It was started as a collaboration between the government of Karnataka and Tiger Tops India Pvt Ltd. "Most people don't understand that adventure tourism has nothing to do with entertainment," he explains. A lot of the visitors expect it to be a safari type of experience with tigers on call, video parlours, swimming pools and pony rides for the children. "We don't encourage young children. You can never tell what animals will do in the wild. We are reasonably prepared but a sudden cry could startle a herd of elephants." The fragile eco system can only take a small number of visitors at a time, he says. As we are talking, we can see a long line of villagers with bundles of firewood from the forest.

Later that evening, after watching the special wildlife movies, there is a camp-fire at Gol Ghar. A young forest ranger, S.N. Devaraj, talks of the endless battle between the forest department and poachers. He is also passionately against the Kabini river project that has changed the environment irrevocably. The 572 square kms of the Nagarhole sanctuary, of which Kabini is a small part, is a mere vestige of the once magnificent forests of Mysore. We begin to understand why Papa is so protective about "his" jungle. It's like sailing in an Ark filled with precious life through a wilderness of too much civilisation. We, the most destructive of the animals, have to be let in two by two, in controlled numbers, so as not to upset the balance. ■

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PACKAGE TOURS

Both pleasure and peril



Package tours are big business, and the season has just begun. Like ready-to-wear garments or catered meals, they save time and bother. The clientele is "mainly businessmen", says Aslam Siwani of SITA Travels. "Companies also send dealers and sales executives abroad as an incentive." The package tour "season" extends from April to October. Some agencies also operate a few tours in November and December but the heaviest month is undoubtedly May. There are 13 departure dates for SOTC's "Classic Tour of Europe", and 12 for Raj Travels' "Grand Europe".

Most operators offer basically the same amenities. The price includes economy class air fare, accommodation at three and four star hotels; meals, coach tours, transfers and guides. The programme, naturally, meets the average tourist's needs. Several "sights" will be packed into one day. And inevitably, equal time will be devoted to shopping.

For some people, such structured programmes are exactly the opposite of everything a holiday should be. Sharada Dwivedi, a writer, says: "Half the fun of travelling is discovering tourist sites, hotels and new routes for one-self. There's much more adventure if you go on your own. Instead of going to ten cities I'd go to one city and see that city very well."

It is "first time" travellers who are the mainstay of the package tour industry, admits Meher Bhandara of the Travel Corporation of India Ltd (TCI). But if some tourists prefer to go it alone, many others genuinely prefer tours. Katy Irani, a Bombay housewife, is a veteran of five to six package tours and insists that it is the best way to travel: "They are so well-organised," she says. "In every city you know where to go and what to see. On your own, you don't get to see much and it works out to be very expensive."

Shop around for a package tour that will meet your needs. Though all tour advertisements sound pretty much the same, the ways in which travel agencies conduct the tours are different. And watch out for sharks. Rohini and Lipika Shankar, two Delhi schoolgirls who accompanied their parents to the Far East last summer, report disgustedly that they discovered their tour guide had overcharged them for optional island tours.

The Shankars chose a package which only included breakfast and they had a chance to savour local cuisine. They have, however, resolved not to go on a package tour in future as "you can't pick the people you travel with and being stuck with people you have nothing in common with is a major disadvantage on a holiday".

Every travel agency has a different profile. Thomas Cook deals only with domestic tours. "Though our clientele is from the upper income bracket, we are not more expensive than other agencies," stresses Divya Bhargava, senior executive, tours sales. "Our groups are quite compact, upmarket and basically cosmopolitan," says Ravinder Sharma, who manages DBS World Travel. DBS prides itself on the Far East tours. Siwani of SITA states that his agency offers its clients a personalised tour, reliability and a price guarantee. "SITA is popular in the Gulf," he says.

SOTC, in its beautifully produced booklet on Europe promises "delicious Indian meals in the luxury and elegance of the finest Indian restaurants in Europe.... The booklet says the agency has its "own cooks to make your favourite dishes in Switzerland". And Raj Travels, in its strictly utilitarian itinerary gives exactly the same assurance.

TCI's glossy brochure displays food by candle-light — Indian preparations, frankfurters, sea food, rolls and two signs spelling out "vegetarian" and "non-vegetarian". Bhandara amplifies: "We have a more cosmopolitan clientele and though we serve vegetarian food we do not serve Jain meals. In fact, about 30 per cent of our travellers enjoy continental food."

Travellers can also get tailor-made package tours, though often at extra cost. TCI, for instance, has a "Just Married" scheme for honeymooners.

In a fiercely competitive market, agencies try to provide "extras" like cocktail parties at five-star hotels to get members of tour groups acquainted with each other.

However, even as you're seduced by visions of snow-clad peaks, or palm-fringed beaches, it's best to be absolutely sure you can make that trip before you book. Penalties for cancellation by travellers are heavy. Curiously, if a travel agency is unable to operate a tour for any reason at all, it is not liable to pay compensation.

■ GITANJALI PRASAD

What are the options?

	US	Europe	Far East (Bangkok, Pattaya, Singapore)
SOTC	15 days Price: Adult Rs.46,900 + US $300 Meal supplement: US $125	14 days Price: Adult Rs.35,990 + US $300 Meal supplement: US $125	10 days Price: Rs.9,990 + US $215
TCI	16 days Price: Adult Rs.46,990 + US $300 Dinner supplement: US $99	14 days Price: Adult Rs.33,990 + US $300 Dinner supplement: US $99	9 days Price: Adult Rs.11,990 + US $220
Raj Travels & Tours Ltd	15 days Price: Rs.52,990 + US $125 Supplementary dinner charge	14 days Price: Rs.49,900 + US $300	10 days Price: Rs.16,900 + US $199
SITA	15 days Price: Adult Rs.46,990 + US $300	15 days Price: Rs.32,990 + US $300	8 days Price: Rs.10,250 + US $175

Srichakra Tyres

Despite above average capacity utilisation, bottomline lands in the red; rising interest burden erodes margins; dividend skipped; earlier year's writebacks enable closure of accounts with a positive balance

During the 18-month year ended December 1990, Srichakra expanded installed capacities from 1.2 million to 1.48 million tyres and from 1.2 million to 1.5 million tubes. However, this expanded capacity went into commercial production only from 1 April 1990. Despite production of tyres and tubes exceeding the installed capacity, the company's operations barely generated a cash profit of Rs.40 lakh on a turnover of Rs.32.97 crore at the end of the full year.

Srichakra Tyres			(Rs crore)
Year ended	31 Dec* 1990	30 June† 1989	% change‡
Gross sales	32.63	17.79	+22
Other income	0.34	0.14	+62
Raw materials costs	17.86	9.79	+22
Employees' cost	1.53	0.78	+31
Interest	1.85	0.68	+81
Gross profit	0.40	0.78	−66
Depreciation	0.64	0.47	−9
Tax		0.05	
Net profit/loss	(0.24)	0.26	−162
Equity capital	4.75‡	2.88	
Reserves & surplus	0.40	0.22	
Dividend (%)		−9.00	
Market price: (Rs)			
Current	15.00		
1990: High	30.00		
Low	13.00		

** 18 months*
‡ annualised
‡ Increase in equity due to conversion of debentures

About 82 per cent (46 per cent last year) of operating profit was paid as interest. Gross profit margins shrunk to 1.2 from 4.4 per cent. As against the previous year's EPS of 90 paise which was distributed in full as dividend, in the year under review, there was a net loss of Rs.24 lakh. There was no dividend either. While charging depreciation, the useful life of certain assets have been re-computed leading to a lower charge for the period by Rs.30.04 lakh thereby bringing down the net loss. By writing back excess depreciation of earlier years amounting to Rs.21.38 lakh, the company has closed accounts with a positive surplus of Rs.4.59 lakh. Dissatisfied auditors have qualified this in their report.

Non-provision of gratuity of Rs.2.17 lakh which would be accounted for on a cash rather than accrual basis and the capitalisation of interest on long-term loans obtained from banks and financial institutions have increased the cost of fixed assets by Rs.37.22 lakh. These adjustments also have the auditors' qualification.

With a glut situation looming large over the tyre industry and an improved retreading technology affecting demand in the replacements market as well, Srichakra faces an uphill task.

Brooke Bond India

Moderate rise in turnover; decline in margins; dividend up 10 points; 1:3 bonus proposed; sale of paper and automotive units add Rs.5.19 crore to the bottomline; spices division being toned up; foods business expansion on cards

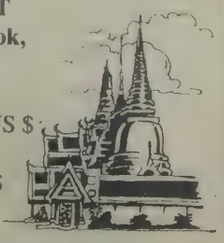
The year ended December 1990 saw lower volumes in the company's tea division. This was offset by a higher average price realisation of approximately Rs.15 per kg. As for coffee, both volume and price showed an upward trend. Performance of the spices division, however,

Brooke Bond India			(Rs crore)
Year ended	29 Dec* 1990	29 Dec 1989	% change
Gross sales	637.19	539.42	+18
Other income	12.33	12.32	
Raw materials costs	380.33	340.22	+12
Employees' costs	37.12	32.65	+14
Interest	9.64	7.15	+35
Gross profit	52.84	52.07	+1
Depreciation	2.35	2.85	−18
Tax	24.25	21.00	+15
Net profit	26.24*	28.22	−7
Equity capital†	44.15	44.15	
Reserves & surplus	53.54	39.77	
Dividend (%)	40.00	30.00	
Market price (Rs)			
Current	138.00		
1990: High	167.50		
Low	97.00		

** Net profit of Rs.26.24 crore is exclusive of Rs.5.19 crore being the profit on sale of the paper unit and automotive unit.*
† Equity capital after the 1:3 bonus will go to Rs.58.87 crore

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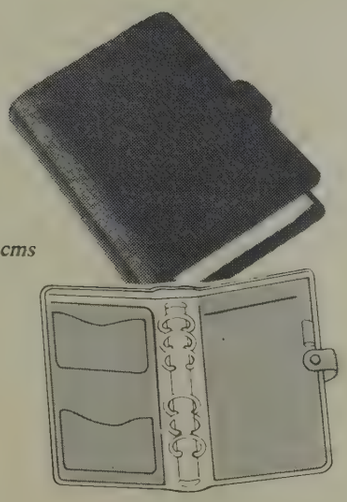
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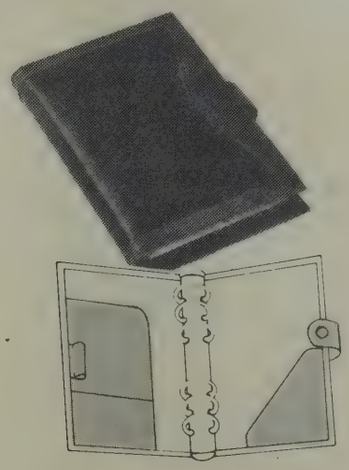
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needs toning up and efforts in this direction are on. Exports were hit by the Gulf war and declined to Rs.42.71 crore from Rs.49.34 crore.

Overall sales rose by 18 per cent yielding a gross profit margin of 8.3 per cent (9.7 per cent). At net levels, while EPS declined marginally from Rs.6.39 to Rs.5.94, payout was hiked sharply by 20 points yielding a dividend per share of Rs.4.00 (Rs.3.00). The book value per share was Rs.22.01 (Rs.19.01). The company has also proposed a bonus in the ratio of one to three by capitalising Rs.14.72 crore out of its free reserves.

Brooke Bond has sold its paper and automotive units, both of which were non-profitable. This has added Rs.5.19 crore to the net profit for the period under review. Now, the company is seeking to strengthen its coffee operations by taking over Kothari General Foods. The terms for the acquisition are yet to be finalised. Plans are also under consideration for enlarging and consolidating the foods business by acquiring Kissan Products and venturing into noodles manufacture with Japanese participation. The parent company, Unilever, is expected to lend its technological expertise to turn Brooke Bond's diversification plans into successful ventures.

The scrip, which has moved between a low of Rs.68.50 and a high of Rs.175 in the last five years, now quotes at Rs.138.00 (18 April) discounting the latest earnings by 23 times.

Tea Estates

Poorer performance in second half than in first six months; fares well for full year; significant increase in margins; increase in exports; remunerative prices promise satisfactory future

Tea Estates is a Unilever group company whose produce caters mainly to the domestic market. Tea, coffee and cardamom are cultivated on its estates in the southern states. The company fared very well in the first half of 1989-90 but not so in the second half. For this period, net sales was less by 4.6 per cent, gross profit by 11.35 per cent and net profit by 3.63 per cent compared with the corresponding period last year.

However, the company has reported a very good performance for the full year 1989-90. Production was 7 per cent higher than last year, sales increased by 23 per cent from Rs.35.2 to Rs.43.53 crore and profit margins have improved significantly — from 21 per cent last year, gross profit margins have risen to 43 per cent while net profit margins have upped from 27 to 51 per cent. However, EPS rose only slightly from Rs.8.52 to Rs.8.9 even with a 50 per cent increase in equity capital. Exports at Rs.0.26 crore is still a small percentage of the turnover.

Tea Estates			(Rs crore)
Year ended	30 Dec 1990	31 Dec 1989	% change
Gross sales	43.53	35.20	+23
Other income	2.59	1.81	+43
Employees' costs	10.98	10.27	+7
Interest	0.01	0.01	
Gross profit	22.39	15.05	+49
Depreciation	0.58	0.54	+7
Tax*	10.06	7.01	+43
Net profit	11.75	7.5	+56
Equity capital	13.2	8.8	+50
Reserves & surplus	12.44	11.87	+5
Dividend (%)	60.00	60.00	
Market price (Rs)			
Current	156.50		
1990: High	225.00		
Low	98.00		

** Provision for taxation includes Rs.0.25 crore pertaining to previous year*

On the premise that tea prices will continue to be remunerative, the company expects to perform satisfactorily during 1991. Also, rains have been good until April and its performance is relatively insulated from likely vagaries in the export market.

RESULTS ANNOUNCED

Hind. Development Corporation

Stagnant turnover, jump in margins but dilution in EPS due to expanded equity

That's HDC's performance for the year ended March 1991. On a turnover of Rs.267.23 crore, gross profit margin has risen by 3 percentage points. Although the bottomline is up 29 per cent at Rs.16.14 crore, equity having tripled to Rs.32.93 crore, the EPS stands diluted at Rs.4.90 (Rs.15.56 on cum rights equity)

as against Rs.12.04 last year. The scrip quotes at Rs.92.50 (15 April 1991) discounting its earnings 19 times.

Widia (India)

A market leader in hard metals, this FERA company has stepped up earnings and dividend on ex-bonus equity

Turnover is up 19 per cent at Rs.68.04 crore yielding a gross profit of Rs.10.84 crore. At the net level, Widia earned Rs.62.30 per share (F.V. = Rs.100) and distributed Rs.20.00 per share as dividend as against an EPS of Rs.48.09 and dividend of Rs.18 per share in the previous year. The scrip quotes at Rs.1,300 (15 April 1991) and discounts these earnings nearly 21 times.

Chemfab Alkalis

A slight improvement in sales, an 8 percentage point drop in gross profit margin, reduced provision for depreciation

For the year ended March 1991 Chemfab, the south-based manufacturer of caustic soda, has earned a gross profit of Rs.4.24 crore (lower by 13 per cent) on net sales of Rs.12.53 crore (up 8 per cent). With a 39 per cent drop in depreciation charged, Chemfab was able to post a higher net profit of Rs.2.13 crore. With the tiniest equity base in the industry, although cash earnings per share declined to Rs.13.50 from Rs.15.54, EPS was higher at Rs.7.24 (Rs.5.17 last year) out of which Rs.2.00 will be paid out as dividend (Rs.1.80 last year). The market price at Rs.95 (15 April 1991) discounts these earnings 13 times.

Bhilwara Synthetics

Improved sales, better margins and a bottomline that's shaken off the red

For the year ended March 1991, this manufacturer of polyester/viscose (P/V) and polyester/woollen (P/W) blended fabrics has earned a gross profit of Rs.2.55 crore on a sales of Rs.48.07 crore (up 51 per cent). Gross profit margin is up by 1.5 per cent points to 5.3 per cent while net profit is Rs.75 lakh against a net loss of Rs.17 lakh in the previous year. With an EPS of Rs.2.03, the market price at Rs.24.00 (16 April 1991) gives a P/E ratio of 12.

Nippon Denro Ispat

Addition to product range and enhanced equity to service

For the first half ended December 1990, this flagship of the Ispat group has earned a gross profit of Rs.11.04 crore (down by 11 per cent) on a sales of Rs.198.85 crore (up 1 per cent). Gross profit margin at 5.5 per cent took a slight dip but with reduced depreciation provision, the bottomline stood at Rs.6.06 crore (up 7 per cent). With commercial production of PVC/Color coated sheets having commenced, this addition to the product line will contribute to the turnover in the second half. Just as well, for Nippon's equity capital also stands increased to Rs.26.81 crore. The scrip currently quotes at Rs.26.00 (16 April 1991).

IN BRIEF

Blue Blends is to buy 55 per cent of the equity of Magna Home Products, the soaps and toiletries company promoted by Satish Bhangar.

Hindustan Organic Chemicals' technology tie up with Chematos AB of Sweden for manufacture of TDI, an intermediate for polyurethane, has received government approval.

Modern Suitings have proposed an equity dividend of 25 per cent for the year ended December 1990.

Gujarat Alkalies has produced 1,27,780 mt of caustic soda for the year ended 1990-91, an all time high.

The **BPL** group's Japanese collaborator, Sanyo Electric Co has offered to buyback Rs.800 crore worth of products from them.

IPCL, the public sector petrochemicals giant, has recorded a turnover of Rs.1,325 crore for the year ended March 91, higher by 12 per cent from the previous year.

FACT has posted a total turnover of Rs.469 crore during 1990-91 while profit rose sharply to Rs.21 crore. The newly commissioned caprolactum plant made its maiden contribution of Rs.24 crore to total turnover.

Kudremukh Iron Ore Co has emerged tops in earning foreign exchange in the public sector during the year 1990-91. Its exports were valued at Rs.228.82 crore with net profit at Rs.58.11 crore.

ANZ Grindlays has launched a financial services company, Esanda Finance & Leasing Ltd with a 30 per cent equity participation.

GTC Industries have decided to pay an interim dividend of 16 per cent for the year ended 30 March 1991.

The **Credit Capital Finance Corporation** is launching a Rs.20-crore information technology fund to promote new ventures in the field.

20th Century Finance Corporation along with other promoters has signed an agreement to float the 20th Century Venture Capital Corporation with a view to offering venture capital services.

Jokai India has changed its name to Rossel Industries.

Kirloskar Cummins and Railway Carriage and Machine Works of Hungary have decided to set up a joint venture company to undertake the manufacture of state-of-the-art commercial vehicles in India.

Bharat Forge, a Kalyani group company, has sought permission to take over Kalyani Sharp by acquisition of more than 30 per cent of the latter's shares.

Hindustan Teleprinters, a public sector company, received clearance for manufacturing fax machines.

BASF India has exported products worth Rs.8.2 crore out of its total turnover of Rs.98 crore for the year ended March 1991.

Asea Brown Boveri has recommended an equity dividend of 27 per cent for the year ended December 1990.

Lupin Laboratories is promoting a new company called Lupin Chemicals to implement a Rs.60-crore fermentation project for manufacturing rifampicin.

Videocon Appliances is launching a Rs.150-crore expansion cum diversification programme. For part financing this programme, it is planning to enter the capital market with a Rs.90-crore debenture issue.

Jaiprakash Industries has commissioned its second 1 million tpa capacity cement plant at Jaypee Nagar, Reura.

G.L. Rexroth Industries is issuing rights shares in the ratio of 1:2.

Corn Products is issuing partly convertible debentures aggregating Rs.1.12 crore on a rights basis.

Rathi Udyog intends to come out with a rights issue in the ratio of 1:2 to part finance its expansion cum modernisation programme.

Flex Industries is coming out with a rights issue in the ratio of 1:2 to augment long-term working capital requirements and to meet normal capital expenditure.

STOCKMARKET REVIEW

Political hopes boosts markets

(For the period 8 to 20 April 1991)

	6 April	20 April	per cent change over fortnight	year
BSE Sensitive Index	1218.12	1283.94	+ 5.4	+ 58.0
BSE National Index	610.22	640.58	+ 4.9	+ 46.1
Vol (Rs.cr) fortnight ended	76.18	138.66	+ 82.0	+ 36.0

Stockmarkets continued to soar and confound market watchers who saw no reason to change their forecast of a grim economic year. While the strength of money power — from mutual funds, non-residents and others — could not be denied, the result of the market's movements was that it has left the fundamentalists, including a particularly large group that made its mark in the late eighties (and also last year), sitting on the sidelines praying for a fall. However, given the muscle power that is facing them, they are waiting for the index to touch 1,400 before selling short.

The synthetic fibre group, which has been performing poorly of late, will probably be the first to catch the short seller's eye as the group has done well in stockmarkets of late. Reliance Industries, for example, closed the fortnight at Rs.143, up from Rs.127.50 (–12 per cent) for a market value gain of Rs.230 crore on a heavy trading volume of a million shares a day. Similarly, Baroda Rayon and Century Enka have also risen over the fortnight.

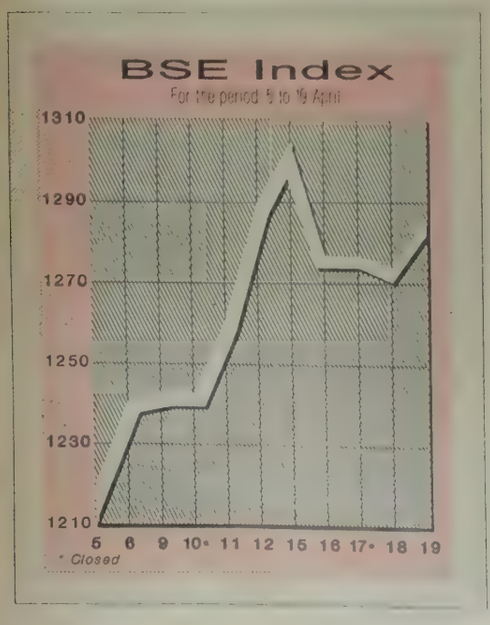
Opinion polls' influence. The case of Reliance may turn out to be different from the rest of the synthetic fibre group because of the company's possible need to market its Rs.570 crore rights issue. This will depend on the political situation after the elections. Given that, most opinion polls show the Congress comfortably ahead of its rivals, and with its manifesto much appreciated by market circles, the market in general and Reliance shareholders in particular ought to be pleased.

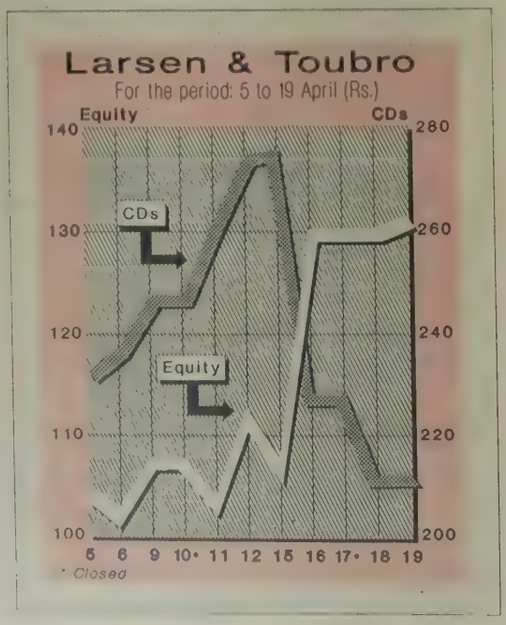
Most of the bullish action continued for the third fortnight in a row to be concentrated on highly capitalised scrips. Apart from Reliance, the action continued to be focused on ACC and Tata Steel. ACC closed the fortnight at Rs.2520, up from Rs.2295 (–9.8 per cent) and Tata Steel closed at Rs.175.50, up from Rs.166 (–5.7 per cent). The cement market is strong with prices up over the fortnight by Rs.2 per 50 kg bag, despite a reported promise by the Cement Manufacturers' Association made to the commerce ministry that prices would be reduced by Rs.5 per bag.

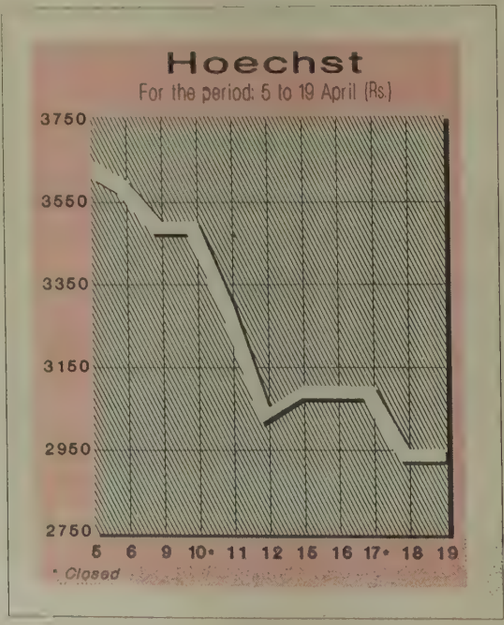
Bombay Dyeing was also actively traded, with about a million shares changing hands over the fortnight. The scrip closed at Rs.240, up from Rs.225 (–6.7 per cent). The news that paraxylene imports (a major input for Bombay Dyeing's main product, DMT) had been restored to OGL (open general licence, and away from the restricted list) helped spur trading activity in the scrip. The move, in fact, means little in terms of saving costs for the company which is a registered actual user. Nevertheless, given the government's overriding desire to save foreign exchange, the move to shift paraxylene to OGL — which will undoubtedly spur speculation in the item along with heavy imports — was an odd decision. As odd as the promised rollback of cement prices followed by its actual increase.

Smaller shares active. Meanwhile, smaller shares were moderately active, with the entire B group doubling in daily turnover to Rs.30 crore by the end of the fortnight. The list of active scrips was a re-run of the previous fortnight — Jindal Strips, Wartsila Diesel, Kesoram, Birla Jute, Videocon International and Videocon Appliances. However, the second half of the fortnight was marked by profit taking in these scrips, following a smart rise in their prices in the first half of the fortnight.

The Supreme Court's judgement on Larsen & Toubro — that the mega issue be legally completed by the issue of fully paid up convertible debentures — caused Larsen's stock price to crash. This was because earlier indications were of an unfavourable judgment based on which speculators had built up positions. These were now being cleared out at a rapid pace, while arbitrageurs profited by short selling the equity and purchasing the convertible debt. As a result, the price difference between the two narrowed to the equivalent of Rs.20 per share, with full conversion still more than a year away *(see chart)*. Meanwhile, Hoechst also







crashed *(see chart)* as reports of a stagnant performance was heard in the market. About 10,000 shares were sold in the fortnight.

The market's undertone at the close of the fortnight continued to be firm. With money markets tightening, the monsoon forecast being for an indifferent monsoon and with fresh foreign exchange curbs likely, the firmness of markets had, as a seasoned market watcher put it, "Only one reason, the market has decided that the Congress is returning to power."

■ RAFIQ DOSSANI

DEBENTURE TRADING

A shrinking sphere

The world of debenture trading is shrinking. Dilip Bagri, a stock broker who is the largest jobber (buyer and seller) for debentures on the Bombay Stock Exchange (BSE), claims that trading has steadily decreased by Rs.10 crore per year for the past three or four years. For example on 12 April 1991, the volume of debentures traded was worth only Rs.29.1 lakh compared to the Rs.150 crore of shares that changed hands.

This is bad news for the individual investing in debentures, because the market price of the debenture may bear no relation either to the company's performance or to the debenture's promised interest rate. The debentures market in the stock exchange is characterised by poor liquidity. As a result, even if company performance improves, the individual cannot buy debentures and bid up the market price as in the equity market. Nevertheless, many investors have got their feet wet by purchasing partly convertible debentures (PCDs) which they did for the purpose of obtaining equity shares. Once these debentures have been partly converted, the investor is left with an often untradeable non-convertible portion known as *khokhas*.

Not much liquidity. The liquid scrips are few. According to Bagri, Reliance Industries E&F (both non-convertible) and Reliance Petro B&C (both convertible) together make up 50 per cent of the trading. Debentures sometimes react strongly to market sentiment. For example on 16 April, when the Supreme Court asked Larsen & Toubro (L&T) to proceed with calls and debentures, L&T's CD shot up by Rs.45, from Rs.215 to Rs.260 (while its share price fell).

While individuals are sellers in the market, buyers on the floor are mutual funds, UTI, LIC and GIC with its subsidiaries, according to Ramesh Kumar, vice-president of Citibank. These players look for high yields from high quality debentures. Recently, some foreign banks like Grindlays, Citibank and Credit Lyonnais have got into the act by offering to purchase blue chip *khokhas*.

What sort of returns can a buyer of debentures hope for? While most individuals take into consideration the current yield (interest amount divided by the market price), a more sophisticated investor will look at the yield to maturity (YTM) which is the rate of return obtained if a debenture is held to maturity. If a bond sells at a discount, the YTM will always be higher than the current yield for an NCD. If the bond is a CD, the market price will also determine the yield.

■ KALIKA DALVIE

MASTERGAIN

High risk, high gains

UTI's latest scheme in its 'Master' series of equity investment mutual funds is Mastergain. Mastershare was introduced in 1986 and Masterplan in March this year. As the name indicates, this is planned as a capital gains instrument. According to a UTI source, "This will be an aggressive growth fund. We plan to invest for capital gains. Hence, our return should compare with that of the stockmarket's average return over the past five years, that is, 25 per cent per annum." Mastergain is a high risk investment that includes a higher expected return.

Super targets. The target that Mastergain sets for itself is interesting. For one, the scheme stands apart from the highly successful Canstar and Boinanza, and others that promise a component of fixed returns. These latter — in order to provide fixed returns of near 15 per cent — have had to set aside a substantial portion (over 50 per cent) of the collected funds in fixed-return instruments such as debentures. This makes the fund safer but reduces the possibility of very high gains.

Mastergain entails a special tax advantage. Since UTI itself pays no income tax and since Mastergain plans to disburse only a modest dividend, most of the scheme's returns will come in the form of long-term capital gains after three years. Mastergain plans to repurchase 20 per cent of an individual's outstanding shares each year at net asset value from the third to the seventh year. In other words, as against a direct investment in shares which would fetch about 15 per cent of returns as high-tax dividends (based on past market behaviour) and the rest as lower-taxed capital gains, an investment in Mastergain would give the entire return as low-taxed capital gains.

Another useful feature is that Mastergain is an eligible investment for registered non-profit organisations. It gives them access to the returns of equity markets. Mastergain, however, will not be listed on the stock exchanges; the organisation is probably worried that if listed, it might quote at a discount like Mastershare. This is a disadvantage to investors to whom there is need for liquidity in the short term.

Poor marketing. UTI's initial marketing of the scheme is very poor. The letter of offer, for example, is vague about the investment strategy, gives no details of the repurchase prices stating only that it will be invested in equity. This gives it the flavour of being "just another" equity scheme. However, company sources claim that they can raise about Rs.200 crore. If the scheme receives a good response, UTI has plans to introduce similar offers in this financial year and in the future.

Investment limit	:	Minimum Rs.5000 and multiples of Rs.1,000 thereafter
Issue period	:	15 April '91 to June '91
Size of issue	:	Open
Period of holding	:	7 years
Redemption	:	20 per cent of net asset value every year from 3rd to 7th year.
Highlights	:	No assured return; high growth equity investment strategy with long-term capital gains; no listing on any stock exchange but transferable; eligible like other UTI capital gains schemes for Sec 80L and Sec 48(2) of the I.T. Act and Sec 5 of the W.T. Act.

Good marketing could highlight this unique high-growth scheme and perhaps raise hundreds of crores. The scheme attempts to tap the possibility that most investors are likely to risk a portion of their funds for higher gains.

■ POONAM CHAWLA and ALKA MUKANDAN

Steel Tubes of India

Steel Tubes of India (STI) is an existing company which first opened its doors to the public in 1982. Four years later it re-entered the capital market to fund its backward integration project costing Rs.12 crore to manufacture 20,000 tpa of cold rolled (CR) strips. "Besides using it for captive consumption some of it is sold in the market" explains Ramesh B. Baheti, chairman and managing director, STI.

Currently, the company is undertaking a modernisation-cum-expansion scheme. On completion of the scheme, STI's cold drawn welded (CDW) tubes capacity will increase from 7,500 to 14,500 tpa while its cold rolled steel (CRS) strips and electric resistance welded (ERW) tubes capacity would increase by 15,400 and 3,800 tpa to 42,400 and 47,000 tpa respectively. The present capacity utilisation is placed at 75 per cent for the first two divisions and 100 per cent at the ERW division.

For the year ended March 1990, STI has notched a 51 per cent higher turnover of Rs.69 crore on which it will earn a 57 per cent higher net profit of Rs.1.52 crore. With this, STI's earnings per share works out to Rs.3.8 (Rs.2.42).

Steel Tubes of India		
Issue opens	:	6 May 1991
Size of the issue	:	Rs.8 crore
To Indian public	:	Rs.6.27 crore
Instrument	:	Convertible debentures of Rs.100 each
Promoter	:	Ramesh B. Baheti
Project	:	Modernisation-cum-expansion scheme
Cost of project	:	Rs.27 crore
Plant location	:	Dewas, Indore
Listing	:	Bombay, Indore, New Delhi

There is a gap between demand and supply for the company's raw material, hot rolled coils. Of the total demand 25 per cent is being imported. The continued depreciating rupee coupled with rising prices of imports could affect the future of this company if it does not revise its selling prices to reflect the same. Presently, STI does not periodically revise its selling price.

According to Baheti, STI has targeted a turnover of Rs.150 crore for 1992 by which time the expansions will be completed. The company's sales have been increasing since 1986 but profits have not kept pace. Baheti says, "the 1986 investment in CRS strips diluted the steel tube profits which reflected in a stagnant bottomline."

Adithya Exports

Adithya Exports Ltd (AEL) a Hyderabad-based company has been exporting bulk drugs since 1989. Trimethoprim BP and Dinitolmide BP (Vet) a veterinary drug are the two major drugs exported by the company. Helm AG of Germany and Marcel Quarre of France have been AEL's major buyers.

AEL has been procuring 100 per cent of its material for export from Adithya Organics Ltd (AOL), an associate concern. Within the next six months the company plans to tie up with other small-scale manufacturers to supplement its purchases.

Adithya Exports		
Issue opens	:	9 May 1991
Size of the issue	:	Rs.3 crore
To Indian public	:	Rs.1.40 crore
Instrument	:	Equity shares of Rs.10 each at par
Object of the issue	:	To augment working capital requirement
Promoter	:	M. Chandramouli Reddy
Listing	:	Bombay, Hyderabad

AEL recorded a turnover of Rs.10.20 lakh for March 1990, which grew to Rs.82.45 lakh for the nine months ended December 1990. But more than 50 per cent of its turnover accrues from duty drawback and cash compensatory support. AEL's management is banking on these incentives as well as the growing demand for bulk drugs made in India, to increase its turnover.

Super Forgings and Steels

In existence as a private limited company since 1968, Super Forgings and Steels Ltd (SFSL) went public in 1981. Prior to the present issue, in March 1991, the company issued bonus shares in the ratio of 2:5 which has increased its equity capital to Rs.84 lakh with 40 per cent held by the public. After the present issue the promoter would be diluting its stake by 20 per cent to 40 per cent of the expanded equity at Rs.3.8 crore.The current market price of the share is Rs.37 (ex-rights).

For the year ended March 1990 sales stood at Rs.26.9 crore while net profit was Rs.44 lakh. For the six months ended September 1990 the corresponding figures were Rs.15.4 crore and Rs.34 lakh. SFSL's net profit margin has been on the rise from 1 per cent in 1989 to 2 per cent in 1990. According to B.N. Modi, chairman and managing director of SFSL, the industry's net profit margin is between 4 to 6 per cent. The company's management hopes to achieve the industry margins once its expansion project reaches fruition.

Super Forgings		
Issue opens	:	29 April 1991
Size of the issue	:	Rs.3 crore
To Indian public	:	Rs.1.65 crore
Instrument	:	Equity shares of Rs.10 each at a premium of Rs.5 per share
Promoter	:	Baij Nath Modi
Project	:	To manufacture forged alloy and tool steels
Cost of project	:	Rs.4.5 crore
Plant location	:	Howrah, West Bengal
Listing	:	Bombay and Calcutta

For March 1991, Modi predicts a turnover of Rs.32 crore and a net profit of Rs.65 lakh. "The full impact of our present project and its value addition will be reflected in the March 1993 results," he added. With its new project the company hopes to increase its capacity from 15,000 to 24,000 tpa.

Bharati Telecom

Bharati Telecom Ltd (BTL) has been manufacturing electronic push button telephone instruments and telephone answering machines since June 1987 under the brand name Beetel. The former is manufactured in technical collaboration with Siemens, AG, of Germany and the latter in collaboration with Takachiho of Japan. The company also has a collaboration with Lucky Goldstar of South Korea for cordless telephones.

On the financial front turnover has jumped from Rs.3.15 crore for the year ended June 1988 to Rs.16.76 crore for the year ended March 1990. For the six

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Bharati Telecom	
Issue opens	: 29 April 1991
Size of the issue	: Rs.4.59 crore
To Indian public	: Rs.2.97 crore
Instrument	: Equity shares of Rs.10 each at a premium of Rs.15 per share
Promoter	: Mittal family of Ludhiana
Project	: To increase the installed capacity of push button telephones from 200,000 to 500,000 pcs per annum
Cost of project	: Rs.7.35 crore
Plant location	: Ludhiana, Punjab and Gurgaon, Haryana
Listing	: Bombay, Delhi, Calcutta, Ludhiana

months ended September 1990 sales were Rs.7.95 crore and net profit was Rs.81 lakh, giving an EPS of Rs.4.9. However the company has declared its maiden dividend of 18 per cent for March 1990. The present rights-cum-public issue will boost the company's equity capital to Rs.4.35 crore.

At 90 per cent capacity utilisation the company claims itself to be a market leader in the production of push button telephones.

The company wants to go into exports and has already tied up with Premier Telecom products of the US, to supply 6,00,000 telephones within three years.

Aircommand India

Aircommand, incorporated in 1986 has been promoted by G.K. Panthaki a technocrat with 14 years experience in the field of airconditioning. At present, the company is trading in window and split airconditioners.

For the period ended February 1991, Aircommand had gross assets worth Rs.5.23 lakh while the annualised turnover stood at Rs.52.58 lakh. Being a small trading company, their net profit margins have always been lower than 3 per cent.

Aircommand is now setting up a manufacturing unit. The systems manufactured by the company will have automatic adjustments to outside temperature, built-in protection systems against load fluctuations, programmable on/off switch facilities and multifunctional remote controls. Aircommand will manufacture the systems in technical collaboration with Mitsubishi Heavy Industries Ltd, Japan.

The company estimates that the market for packaged and split airconditioners is growing at a rate of 40 per cent per annum.

According to the managing director G.K. Panthaki, each 1.5 ton unit will be targeted at the government and the corporate sector and will be sold at Rs.39,000. By 1992, Aircommand plans to capitalise on the rise in the disposable income of the common man by selling a smaller unit (less than half ton) at Rs.12,000.

Aircommand India	
Issue opens	: 29 April 1991
Size of the issue	: Rs.2.25 crore
To Indian public	: Rs.2.06 crore
Instrument	: Equity shares of Rs.10 each for cash
Promoter	: G.K. Panthaki
Project	: To manufacture 14,400 numbers per annum packaged type split industrial airconditioning systems, (Heat Pumps Models) in the range of 1.5 to 5 tonne.
Cost of project	: Rs.6.50 crore
Plant location	: Panchmahal, Gujarat
Listing	: Bombay, Ahmedabad, Baroda, Delhi

The plant is expected to go on stream by August 1991. In the first year of operation Panthaki expects to achieve a sales turnover of Rs.25 crore and a gross profit of Rs.2.57 crore, at 25 per cent capacity utilisation. He expects to achieve 100 per cent capacity utilisation by the fourth year of operation.

The success of the company will depend on how the target market perceives the company's airconditioners in a crowded market.

Polar Marmo Agglomerates

The Polar group is best known as one of the top three fan brands. The group has also diversified into unrelated areas like forged industrial grade hand tools, coated papers, industrial sockets and latex products.

It is now diversifying into bonded agglomerated marble slabs and tiles under a new company styled Polar Marmo Agglomerates Ltd (PMAL). They have obtained a technical and financial collaboration with Breton Srl Italy. Commercial production will commence by end April 1991.

Located in Jaipur, the plant should have no dearth of raw materials (marble stone and granite). The company plans to produce 30 per cent white cement slabs, while 70 per cent will be resin bonded slabs — a better and more expensive quality. The company will sell it's products at a price of Rs.60 to Rs.80 per square foot through a dealer sales network. However, institutional sales will be handled through the marketing department. Polar has already received enquiries from companies in the Middle East and the West.

The managing director of the company Anil Agarwal maintains that during the first year, the company will work at 60 per cent capacity obtaining a post tax profit of Rs.80 lakh on a turnover of Rs.21 crore. During the second and third year, Agarwal expects to increase capacity utilisation to 80 per cent and 90 per cent,

Polar Marmo Agglomerates	
Issue opens	: 29 April 1991
Size of the issue	: Rs.2.22 crore
To Indian public	: Rs.1.95 crore
Instrument	: Equity shares of Rs.10 each for cash at par
Promoter	: Polar Group
Project	: To manufacture agglomerated marble slabs & tiles with a 5.10 million sq ft per annum capacity
Cost of project	: Rs.15.06 crore
Plant location	: Udaipur, Rajasthan
Listing	: Bombay, Calcutta, Delhi and Jaipur

earning a post tax profit of Rs.220 lakh and Rs.302 lakh respectively. The EPS will increase from Rs.1.47 in the first year to Rs.4.05 in the second year. This is when the company plans to pay its first dividend.

Currently there are other manufacturers of agglomerated marbles. Kedia Agglomerated Marbles the sole competitor is also finanaced by Breton Srl. of Italy. As against Kedia's capacity of 8.3 million sq. feet, Polar will have a capacity of 5.10 million sq. feet.

Tamilnadu Telecommunication

Tamilnadu Telecommunication Ltd (TTL) is a new joint sector company promoted by Tamilnadu Industrial Development Corporation Ltd (TIDCO) and Telecommunication Consultants India Ltd (TCIL). They will chip in 26 and 27 per cent respectively in TTL's equity.

The project is being set up in technical collaboration with the Essex Group Inc. (EGI) of the US. The company hopes to increase sales from Rs.17.92 crore in the first year to Rs.38.23 crore in the third year.

Tamilnadu Telecommunication		
Issue opens	:	9 May 1991
Size of the issue	:	Rs.5 crore
To Indian public	:	Rs.4.46 crore
Instrument	:	Equity shares of Rs.10 each
Promoter	:	Tamilnadu Industrial Development Corporation Limited (TIDCO) and Telecommunication Consultants India Limited (TCIL)
Project	:	Installed capacity to manufacture 625,000 core kilometres of PIJFT cables per annum or 500,000 kilometres per annum on 80 per cent capacity utilisation
Cost of project	:	Rs.28.65 crore
Plant location	:	Arrakkonam, Tamilnadu
Listing	:	Bombay, Madras, New Delhi

The plant is designed to manufacture cables ranging from 50 to 2,400 pairs of desired gauge from 0.9mm to 0.4mm. Commercial production is expected to commence by the third quarter of this year. The DoT, which is the largest buyer, accounting for almost 90 per cent of the production, is facing a resource crunch and poor growth of switching facilities. This may have an adverse effect on the growth of the company.

Ceeta Polymers

Three years after going public, the seven-year-old Ceeta Polymers is now diversifying. The company has successfully manufactured synthetic woven fabrics at its unit in Balasore, Orissa. The new diversification plan envisages the manufacture of 2,650 tonnes per annum (tpa) of crimped yarn and 250 tpa air texturised yarn.

Ceeta Polymers		
Issue opens	:	30 April 1991
Size of the issue	:	Rs.3.35 crore
To Indian public	:	Rs.2.7 crore
Instrument	:	Equity shares of Rs.10 each
Promoter	:	G.S. Poddar
Project	:	To manufacture crimp and air texturised yarns
Cost of project	:	Rs.11.40 crore
Plant location	:	Udaipur, Rajasthan
Listing	:	Bombay, Ahmedabad, Delhi, Calcutta, Jaipur, Bhubaneshwar

This plan is synergetic in more ways than one. First, the company was promoted by Rajasthan Petro Synthetics Ltd (RPSL), which has been manufacturing polypropylene multi filament yarn (PPMFY) for the past four years. Having established itself in the market, RSPL is today a cash rich company. During 1989-90, it recorded a turnover of Rs.16.96 crore and a pre-tax profit of Rs.1.72 crore. Cash accruals were Rs.5.48 crore. Says K.S. Poddar, managing director of Ceeta Polymers, "Our entire requirement of raw material will be supplied to us by RPSL plant." A MoU has been signed by the two companies under which RPSL will provide the necessary knowhow, assist in selection of the plant and impart training to the operating personnel. It will also assist in marketing the company's products.

The product, used mainly for making hosiery, rugs and socks is gaining popularity. PPMFY is lighter in weight, more resistant to acids, chemicals and stains and has higher thermal conductivity than wool. It is also anti-allergic. "Its demand is estimated at around 6,000 tpa, while the country's installed capacity will reach only 5,000 tpa," adds Poddar.

Titan Foods and Fashion

Titan Foods and Fashion (TFF) is engaged in the business of exports of frult pulp and other processed foods. Within a span of two years, TFF has exported around 4,000 tonnes of fruit pulp valued over Rs.5 crore.

Until now, TFF has been following a policy of getting fruit pulp manufactured from different units under contract basis. However it has now decided to set up its own manufacturing unit.

Titan Foods & Fashions		
Issue opens	:	29 April 1991
Size of the issue	:	Rs.2.93 crore
To Indian public	:	Rs.1.50 crore
Instrument	:	Equity shares of Rs. 10 each
Promoter	:	O.K. Shaheed
Project	:	To set up export-oriented leather and food processing units
Cost of project	:	Rs. 5.05 crore
Plant location	:	Kengeri village, Bangalore
Listing	:	Bombay and Bangalore

Varun Shipping

Varun Shipping Ltd (VSL), a medium-sized shipping company, is a member of the Dilip Khatau group and is the second company in the group to have come to the capital market in the last quarter.

Currently, VSL, besides expanding its fleet, is diversifying the range to enter the bulk cargo sector. The company's fleet presently consists of five tankers and four anchor handling tug and supply vessels, hence the vagaries of the Baltic Index of freight, an index reflecting freight rates for dry bulk cargo never affected the company. But with this new acquisition plan, it will come under the BIFEX ambit. The acquisition is to be completed over a period of two years.

Varun Shipping		
Issue opens	:	29 April 1991
Size of the issue	:	Rs.18.70 crore
To Indian public	:	Rs.9.35 crore
Instrument	:	12 per cent fully convertable debentures of Rs.200
Promoter	:	Dilip Khatau
Object of the issue	:	To expand its fleet
Cost of expansion	:	Rs.190 crore
Listing	:	Bombay, Ahmedabad, Calcutta and Delhi

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A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	6.00	11.00	3.00	-4.8			11.0	18.3		
ABB,10	12/90	9.86	14.11	24.31	147.50	165.00	62.50	8.6	3.5	17.2	27.0	1.8		
ACC,100	03/90	55.95	90.70	262.11	2520.00	2475.00	345.50	31.7	95.1	79.5	15.0	0.6	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.26	535.00	650.00	230.00	36.8	14.0	14.5	16.0	3.0	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	195.00	225.00	105.00	10.9	4.1	17.9	25.0	1.3	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	44.00	82.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	12.50	22.00	10.50	0.3		41.7			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	82.50	135.00	73.00	11.3	5.0	7.3	25.0	3.0		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	13.50	25.00	7.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	1000.00	1650.00	330.00	185.8	108.4	5.4	20.0	2.0	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	43.00	76.00	38.00	2.2		19.5	10.0	2.3	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	16.00	30.00	12.00	2.6	1.2	6.2	15.0	9.4		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	64.00	92.50	41.50	18.3		3.5	25.0	3.9		
APPLE IND.,10	03/90	5.19	0.81	11.56	40.00	66.25	26.50	8.6		4.7	35.0	8.8		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	146.00	146.00	70.00	5.8	4.3	25.2	31.5	2.2	78	1:2
ASIAN CABLES,10	03/90	5.58	7.32	23.09	33.00	48.00	28.00	5.6	2.4	5.9	14.0	4.2	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	72.00	102.50	55.00	7.4	3.0	9.7	25.0	3.5		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	250.00	285.50	215.00	15.3	6.2	16.3	45.0	1.8	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	145.00	180.00	112.50	9.2	5.1	15.8	55.0	3.8	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	260.00	365.00	200.00	29.7	14.5	8.8	50.0	1.9		
ASTRA IDL,10	03/90	2.50	2.97	21.88	59.00	75.00	40.00	5.3	2.5	11.1	20.0	3.4		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	85.00	85.00	33.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	160.00	180.00	70.00	7.2	2.4	22.2	15.0	0.9	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	148.00	195.00	108.00	7.3		20.3	35.0	2.4	84	2:5
BAJAJ AUTO,10	03/90	18.81	261.22	148.87	650.00	725.00	372.50	34.6	21.6	18.8	110.0	1.7	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	83.75	83.75	26.00	0.7	3.6	119.6			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	235.00	280.00	117.50	11.5	9.1	20.4	20.0	0.9	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	58.78	62.50	31.00	3.0	1.8	19.6	18.0	3.1	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	305.00	310.00	125.00	19.9	14.2	15.3	28.0	0.9	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	575.00	1167.25	415.00	132.5	11.4	4.3	25.0	4.3	90	1:2
BASF,10	03/90	4.26	16.86	49.62	137.50	160.08	93.38	12.7	6.9	10.8	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	85.50	105.00	64.00	5.4		15.8	15.0	1.8	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	75.00	75.00	30.00	5.5		13.6	15.0	2.0		
BAYER INDIA,100	03/90	16.22	17.65	208.82	800.00	1075.00	600.00	32.8	24.4	24.4	20.0	2.5	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	41.00	77.50	32.50	1.9	-0.3	21.6	10.0	2.4	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	149.00	153.75	75.00	4.3	6.2	34.7	32.5	2.2		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	245.00	265.00	92.50	4.1	5.9	59.8	30.0	1.2	88	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	40.00	62.00	22.50	2.7	0.1	14.8		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	19.00	51.50	22.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	150.00	150.00	75.00	7.5	5.0	20.0	27.5	1.8	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	44.00	80.00	37.50	3.3	4.6	13.3	50.0	11.4	90	1:2
BIRLA JUTE,10	03/90	20.37	84.17	51.32	217.55	220.00	52.00	2.3	7.7	94.6	18.0	0.8	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	15.00	26.00	7.50	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	127.57	135.00	36.00	1.6	5.3	79.7	15.0	1.2	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	68.75	120.00	36.25	13.3	1.5	5.2	20.0	2.9	90	1:2
BOM BURMAH,100	03/90	5.52	19.47	452.72	1125.00	1250.00	610.00	86.2	36.9	12.8	30.0	2.7	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	240.00	240.00	90.50	9.8	7.7	24.5	40.0	1.7	90	1:1
BOM SUBURBAN,10	03/90	6.80	78.22	126.52	68.00	140.00	35.00	18.2	12.0	3.7	20.0	2.9	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	140.00	140.00	92.50	5.6	3.9	25.0	30.0	2.1	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.86	61.00	69.00	52.50	5.9		10.3	25.0	4.1	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	141.25	162.50	105.00	5.3	2.8	26.7	24.0	1.7	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	140.00	167.50	97.00	5.9		23.7	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	85.00	110.00	67.50	3.0	2.3	26.3	15.0	1.8	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	45.00	87.00	31.00	7.9	2.9	5.7	20.0	4.4		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	550.00	550.00	280.00	5.0	-5.6	110.0	15.0	2.7	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	101.50	117.50	62.00	11.0	3.4	9.2	28.0	2.8		
CADBURY,10	03/90	8.40	14.40	27.14	180.00	185.00	140.00	6.3	2.3	25.4	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.89	72.95	51.00	95.00	40.00	2.3		22.2			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	14.00	31.00	13.75	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	285.00	285.00	107.81	6.1	8.5	46.7	27.0	0.9	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	87.50	125.00	70.00	15.2	6.3	5.8	30.0	3.4	86	1:2
CEMINDIA,10	03/90	1.26	8.57	76.95	108.75	120.00	75.00	7.0	2.8	15.5	30.0	2.8	84	3:5
CENTURY ENKA,100	03/90	23.25	219.57	1044.39	2675.00	3964.29	2196.43	140.5	65.0	19.0	62.5	2.3	90	2:5
CENTURY SPIN,100	03/90	26.62	248.83	1034.75	4825.00	4825.00	2510.00	203.0	120.1	23.8	50.0	1.0	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	19.00	34.00	13.50	-1.8						
CHLORIDE,10	03/90	20.85	16.51	18.00	110.00	120.00	86.00	6.7	2.6	16.4	31.5	2.9	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	12.00	19.00	8.50	1.8	1.2	6.7	18.0	15.0		
CITURGIA,10	03/90	3.38	8.34	34.67	101.25	140.00	85.00	8.8	2.9	11.5	35.0	3.5		
COLGATE,10	12/89	31.44	25.32	18.05	330.00	340.00	180.00	8.0		41.2	42.5	1.3	89	1:1
COLOUR CHEM,100	03/90	7.94	13.98	275.82	975.00	975.00	605.00	30.0	3.0	32.5	22.0	2.3	80	2:5
COMET STEEL,10	03/90	9.65	4.49	14.65	16.00	31.00	15.50	4.1		3.9	17.0	10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	77.00	80.00	27.00	4.3	1.5	17.9	20.0	2.6	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	25.50	45.00	27.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1100.00	1650.00	682.50	80.9	33.6	13.6	18.0	1.6	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	140.00	140.00	81.25	7.8	4.6	17.9	25.0	1.8		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 19.4.91	52 weeks High	52 weeks Low	EPS in Re Year	EPS in Re Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.98	1.36	46.00	58.75	14.50	4.3	3.2	10.7				
DCM,10	03/89	23.02	37.80	26.42	75.00	110.00	47.00	2.6	-2.2	28.8			71	4:5
DEEPAK FERT,10	03/90	36.68	11.32	13.09	30.00	42.00	24.00	3.2	4.1	9.4	18.0	6.0		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	86.00	140.00	82.00	14.3	8.6	6.0	30.0	3.5	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	50.00	70.00	30.02	10.0	5.1	5.0	25.0	5.0	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	107.50	107.50	48.00	3.1	1.8	34.7	25.0	2.3		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	1975.00	2650.00	412.00	388.5	82.6	5.4	40.0	2.0	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	55.00	85.00	50.00	2.3	2.0	23.9	30.0	5.5	76	1:3
E. MERCK,10	12/90	5.94	7.40	22.46	86.00	95.00	26.00	3.3		26.1	20.0	2.3	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	44.00	64.00	44.00	4.5	0.5	9.8	22.0	5.0	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	47.00	51.25	16.00	3.5	3.4	13.4		10.0		
EID PARRY,10	03/90	6.26	31.42	60.03	91.00	104.00	75.00	8.1	5.5	11.2	25.0	2.7		
ELECON ENG,10	03/90	5.85	27.25	58.23	52.50	82.50	47.50	1.8		29.2	12.0	2.3	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	18.25	32.50	13.00	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	66.00	84.00	34.25	3.3		20.0	25.0	3.8	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	160.00	185.00	80.50	6.6	4.7	24.2	30.0	1.9	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	190.00	191.25	113.75	10.4	6.5	18.3	30.0	1.6	86	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	32.00	47.00	20.00	2.9	4.6	11.0	30.0	9.4		
EXCEL,10	03/90	4.62	18.89	50.89	355.00	390.00	173.00	20.0	16.2	17.8	50.0	1.4	84	4:5
FAG PRECISION,100	03/90	3.36	8.71	359.23	80.50	140.00	63.75	13.8	8.7	5.8	18.0	22.4		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	42.50	125.00	42.50	15.9		2.7	25.0	58.8	80	1:2
FGP,10	03/90	4.89	7.34	25.01	61.00	75.00	51.00	5.3	2.2	11.5	22.0	3.6	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	140.00	240.00	120.00	16.7	9.3	8.4	45.0	3.2	87	1:1
FINOLEX,10	03/90	3.24	38.28	128.15	225.00	375.00	170.00	28.1	15.6	8.0	50.0	2.2	86	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	40.00	55.00	19.00	4.8		8.3	26.0	6.5	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	75.00	85.00	29.50	4.3	0.9	17.4	20.0	2.7	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	71.25	85.00	47.50	5.0	1.8	14.2	20.0	2.8	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	235.00	265.00	115.00	14.4		16.3	22.0	0.9	90	1:1
G.E.SHIPPING,10	03/90	64.85	56.28	18.52	39.25	52.50	27.00	6.7	3.0	5.9	20.0	5.1	90	1:5
G.K.W.,10	03/90	24.06	41.04	27.06	37.00	70.00	23.00	6.0	0.5	6.2	15.0	4.1	83	1:3
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	87.50	87.50	22.50	7.2	7.2	12.2	35.0	4.0	72	1:4
GABRIEL,10	03/90	2.64	5.63	31.33	47.50	77.50	42.50	6.6		7.2	18.0	3.8	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	110.00	135.00	62.50	2.8	4.2	39.3	25.0	2.3	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	47.50	62.50	35.00	3.6	2.6	13.2	30.0	6.3		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	40.00	67.00	32.00	3.6	2.0	11.1	15.0	3.8	83	1:2
GARWARE POLY,10	06/89	10.94	21.96	30.07	56.00	80.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	16.00	23.00	13.50	5.9	1.6	2.7	15.0	9.4		
GEN ELECTRIC,10	03/90	7.20	30.60	52.50	44.00	54.00	31.00	3.6	2.5	11.6	10.0	2.3	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	19.50	41.00	18.00	-47.1			14.7	7.5	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	155.00	180.00	120.00	5.2	10.0	29.8	60.0	3.9	89	1:2
GERMAN REM,10	03/90	6.52	5.61	18.80	132.50	200.00	34.25	13.3	1.8	10.0	20.0	1.5	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	99.00	107.00	82.50	7.7	2.8	12.9	27.0	2.7	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	260.00	260.00	52.50	11.0	21.6	23.6	35.0	1.3	75	1:1
GOETZE,10	03/90	6.93	16.53	33.85	108.25	120.00	80.00	6.7	3.4	15.9	32.0	3.0	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	230.00	240.00	92.50	13.7	11.0	16.8	32.0	1.4	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	57.50	140.00	57.50	8.5	1.8	6.8	20.0	3.5	78	5:7
GOODYEAR,10	12/90	14.96	47.11	41.49	55.00	70.00	40.00	4.5		12.2	25.0	4.5	90	1:1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	14.50	22.50	9.62	0.4	0.3	36.2				
GRASIM,10	03/90	80.20	168.10	37.92	235.00	265.00	107.25	9.2	7.2	25.5	30.0	1.3	86	3:4
GREAVE COTTON,10	03/90	9.86	30.96	41.40	71.00	110.00	60.00	6.6	2.1	10.8	18.0	2.5	86	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	155.00	155.00	80.25	4.2	3.1	36.9	26.0	1.7	87	1:5
GUJ AMB CEM,10	06/90	19.99	15.16	17.59	164.00	164.00	23.50	7.3	4.8	22.5	25.0	1.5		
GUJ NARMADA,10	03/89	86.99	103.47	21.63	41.50	54.00	34.00	3.4	0.4	12.2	10.0	2.4		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	207.50	260.00	160.00	11.6	8.3	17.9	30.0	1.4	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	203.75	237.50	111.25	10.6	5.6	19.2	75.0	3.7	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	85.00	120.00	80.00	10.0	3.5	8.5	26.0	3.1	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	90.00	90.00	73.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	72.50	128.75	61.00	9.4	4.1	7.7	30.0	4.1		
HIND CIBA,100	03/90	17.71	40.07	326.26	1230.00	1230.00	660.33	92.7	39.5	13.3	30.0	2.4	90	1:2
HIND DEVELOP,10	03/90	32.93	92.56	38.11	92.00	110.00	75.00	3.9	2.4	23.6	20.0	2.2	86	1:1
HIND DORR-OLIVER,10	03/90	4.76	10.87	32.42	75.00	115.00	52.50	7.3	2.8	10.3	25.0	3.3	89	1:1
HIND FERODO,10	03/90	5.50	1.89	13.44	20.00	40.00	15.00	0.1		200.0	7.5	3.8	83	4:5
HIND LEVER,10	12/90	93.32	162.06	27.37	162.50	168.75	107.00	7.1		22.9	42.0	2.6	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	23.00	54.50	17.00	0.8	0.4	28.8	7.5	3.3	86	1:1
HINDALCO,10	03/90	17.85	200.47	122.31	261.25	355.00	131.25	36.1	19.8	7.2	37.5	1.4	90	3:5
HMM,10	03/90	14.18	93.90	76.22	382.50	400.00	243.75	12.4	5.3	30.8	40.0	1.0	87	1:1
HOECHST,100	03/90	9.58	56.06	685.18	2950.00	3650.00	1340.00	94.5	58.1	31.2	20.0	0.7	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	95.00	140.00	52.50	4.0	1.4	23.8	15.0	1.6		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	15.25	26.00	13.50	0.1	-0.1	152.5				
HOUSING DEV FIN,100	03/90	19.98	64.98	425.23	388.75	475.00	260.00	123.6	82.8	3.1	20.0	5.1		
HYD ALLWYN,10	12/88	17.45	10.70	16.13	13.00	25.00	8.00	1.4	1.2	9.3	15.0	11.5		
I.O.L.,10	03/90	14.60	31.44	31.53	47.00	58.00	31.00	0.2		235.0	10.0	2.1	85	1:3
ICI,10	03/90	40.87	84.19	30.60	47.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	25.00	45.00	25.00	3.9	1.8	6.4				
INDIA CEMENT,10	03/90	4.90	48.98	109.96	152.50	155.00	15.00	5.9	7.0	25.8	15.0	1.0	89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 19.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
INDIA GYPSUM,10	03/90	8.98	-4.64	4.83	13.00	22.00	9.50	-2.4	-1.3					
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	8.00	22.00	7.00	-0.9	-1.1					
INDIA STEAMSHIP,10	03/90	10.15	-63.17	-52.24	13.50	16.50	8.70	1.8		7.5			75	1:1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	198.00	250.00	120.00	14.1	7.0	13.9	25.0	1.3	77	2:5
INDIAN DYESTUFF,100	03/90	9.41	38.71	511.37	610.00	775.00	262.00	44.4	46.0	13.7	14.0	2.3	80	1:4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	97.50	127.50	85.00	7.8	-1.0	12.5	25.0	2.6	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	41.50	86.00	31.25	4.6		9.0	15.0	3.6	85	1:2
INDIAN RAYON,10	06/90	25.40	202.97	89.91	111.00	163.75	89.50	7.8	4.0	14.2	30.0	2.7	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	126.25	165.00	72.50	4.7		26.9	25.0	2.0	89	3:4
INDOGULF FERT,10	03/90	164.92	0.25	10.02	34.00	40.00	15.00	0.1	-0.2	340.0				
INDU NISSAN,10	03/90	14.00	1.21	10.86	15.00	25.50	11.50	0.2	0.5	75.0	6.0	4.0		
INGERSOLL,10	03/90	15.78	34.25	31.70	340.00	380.00	212.50	9.1	5.3	37.4	25.0	0.7	89	1:1
ION EXCHANGE,10	03/90	3.50	11.10	41.71	70.00	90.00	52.50	2.9	0.7	24.1	13.0	1.9	88	4:5
IPITATA,10	03/90	12.00	-15.79	-3.16	38.00	60.00	21.50	2.9	1.4	13.1				
ITC,10	03/90	66.34	152.27	32.95	165.00	165.00	51.00	7.9	5.7	20.9	37.5	2.3	89	1:1
J B.CHEMICAL,10	03/90	3.00	6.02	30.07	142.50	207.50	58.00	12.7	17.0	11.2	21.0	1.5		
J K.INDUSTRIES,10	06/90	14.04	27.86	29.84	73.75	82.50	47.50	11.8		6.2	30.0	4.1	87	1:1
J.K.SYNTHETIC,10	03/90	38.51	129.12	43.53	41.50	79.00	27.00	1.1	-5.7	37.7	20.0	4.8	83	1:3
JAYANT VITAMIN,10	06/90	3.87	5.11	23.20	28.00	44.00	25.00	4.2		6.7	10.0	3.6	87	2:5
KALYANI BRAKES,10	03/90	3.90	-4.84	-2.41	88.00	105.00	33.00	4.0	2.1	22.0				
KALYANI STEEL,10	03/90	4.72	9.05	29.17	230.00	500.00	125.00	19.7	5.7	11.7	75.0	3.3	90	1:1
KELVINATOR,10	06/90	8.40	25.48	40.33	147.50	147.50	80.00	10.8	9.7	13.7	20.0	1.4	89	1:1
KESORAM,10	03/90	11.46	53.78	56.93	97.00	132.50	40.00	2.3		42.2	10.0	1.0	79	1:2
KHODAY DIST,10	03/90	9.00	8.88	19.87	28.00	42.50	25.00	5.9	2.8	4.7	12.0	4.3		
KINETIC ENGG,10	03/90	2.88	22.29	87.40	170.00	240.00	131.25	12.3	7.7	13.8	25.0	1.5	89	1:1
KINETIC HONDA,10	06/90	9.99	7.63	17.64	64.50	95.00	33.00	3.4	4.3	19.0				
KIRL CUMMINS,10	03/90	26.40	41.95	25.89	137.50	148.00	74.00	4.4	2.0	31.2	20.0	1.5	86	1:1
KIRL PNEUMATIC,10	03/90	3.85	11.28	39.30	53.75	85.00	35.00	6.7	1.5	8.0	18.0	3.3		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	62.50	67.50	29.50	5.2		12.0	16.0	2.6	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	166.25	215.00	76.25	13.1		12.7	24.0	1.4	90	1:1
KSB PUMPS,10	03/90	8.70	12.25	24.08	202.50	260.00	170.00	7.3	3.1	27.7	20.0	1.0	89	1:1
LAKME,10	03/90	3.15	9.87	40.70	242.50	300.00	108.75	5.6	4.8	43.3	28.0	1.2	89	1:2
LARSEN TOUBRO,10	03/90	66.09	321.18	57.17	106.00	166.25	59.00	6.3	7.2	16.8	25.0	2.4	86	3:5
LIPTON,10	12/90	15.75	24.51	25.56	98.00	98.50	65.00	3.7		26.5	22.0	2.2		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	47.50	100.00	47.50	7.2		6.6	25.0	5.3	89	1:2
LML,10	03/90	21.42	9.07	14.23	26.50	66.00	12.50	0.2	-0.2	132.5			80	4:5
MACNEILL MAGOR,10	03/90	2.74	39.99	155.95	100.00	106.00	90.00	11.9	8.4	8.4	25.0	2.5		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	4300.00	4300.00	500.00	22.5	278.0	191.1				
MADURA COATS,10	03/90	21.96	92.32	52.04	190.00	270.00	108.00	8.4	7.8	22.6	40.0	2.1	90	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	425.00	690.00	230.00	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	995.00	1300.00	385.00	22.7	19.1	43.8	22.0	2.2	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	68.79	70.00	115.00	65.00	8.3	3.3	8.4	25.0	3.6	84	2:3
MAHINDRA NISSAN	03/90	19.26	0.15	10.08	18.00	28.00	9.50	-1.5	-2.5					
MAHINDRA UGINE,10	03/90	11.50	26.98	33.46	60.00	85.00	47.50	4.1		14.6	20.0	3.3	88	1:2
MANGALAM CEM,10	03/90	7.11	11.04	25.53	81.25	82.50	27.00	1.1	1.5	73.9	22.5	2.8		
MANGALORE CHEM,10	09/90	59.72	0.17	10.03	13.00	35.00	11.00		-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.80	22.47	30.50	37.00	17.00	8.3		3.7	18.0	5.9		
MATHER PLATT,10	03/90	23.04	9.15	13.97	29.50	45.00	23.00	1.8	0.7	16.4	22.0	7.5	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	67.50	100.00	67.50	5.5	2.0	12.3	30.0	4.4		
MAZDA INDUST,10	11/89	4.32	2.84	16.11	6.50	15.00	5.00	-0.7				14.1		
MCDOWELL,10	03/90	9.99	25.89	35.92	80.00	100.00	80.00	8.9	2.0	6.7	25.0	4.2	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	22.38	45.81	122.50	135.00	89.00	13.9	13.6	8.8	60.0	4.9	89	3:5
METAL BOX,10	03/90	14.68	-26.32	-7.93	8.00	13.75	6.50	-9.4					87	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	71.25	110.00	50.00	4.4	1.4	16.2	20.0	2.8	89	1:1
MILKFOOD,10	03/90	1.14	4.49	49.39	110.00	230.00	107.50	23.0		4.8	30.0	2.7	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	12.50	30.00	12.50	-52.6	-1.6			3.2	89	1:5
MODI RUBBER,10	03/90	10.38	52.50	60.58	62.50	95.00	47.00	6.9	3.8	9.1	25.0	4.0	84	2:5
MODI XEROX,10	03/90	19.46	6.50	13.34	70.00	104.00	60.00	3.1	0.5	22.6	16.0	2.3		
MOTOR INDUST,100	12/89	38.05	67.85	278.32	1010.00	1300.00	700.00	38.4	19.4	26.3	14.0	1.4	86	1:1
MRF,10	03/90	3.86	55.04	152.59	450.00	450.00	185.00	32.4	19.2	13.9	60.0	1.3	75	1:2
MUKAND IRON,10	03/90	14.74	92.60	72.82	197.50	242.50	129.00	11.4	5.7	17.3	30.0	1.5	88	1:2
MYSORE CEMENT,10	03/90	19.23	97.87	60.89	68.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
NAGAR FINANCE,10	03/90	2.43	4.87	30.04	16.00	24.00	13.00	7.1	3.2	2.3	25.0	15.6		
NATION PEROXIDE,100	03/90	2.30	7.18	412.17	675.00	1200.00	525.00	-19.1	-80.4		6.0	0.9		
NATIONAL RADIO,100	03/90	6.98	3.75	153.72	385.00	700.00	270.00	14.0		27.5				
NESTLE,10	12/89	36.82	5.70	11.56	140.00	158.75	104.50	3.9		35.9	30.0	2.1	89	3:5
NIPLON,10	03/90	15.76	-23.74	-5.06	23.00	37.00	14.00	-11.8	-5.6				82	1:2
NOCIL,100	03/90	36.00	109.85	405.14	1275.00	1850.00	925.00	117.3	37.9	10.9	40.0	3.1	86	1:2
ORISSA CEMENT,10	03/90	5.40	47.44	97.85	165.00	165.00	32.00	2.5	0.5	66.0	20.0	1.2	87	1:1
ORKAY,10	03/90	66.29	51.85	17.79	31.50	47.00	15.00	0.2	0.5	157.5		17.5		
ORIENTAL AGRO,10	06/89	36.72	81.67	18.44	40.00	72.50	32.00	2.8	2.1	14.3	50.0	12.5	87	3:5
ORIENTAL BANK,10	03/90	18.00	0.15	10.08	17.50	35.00	17.50	-2.5		90.0				
OTIS ELEVATORS,10	03/90	5.37	20.34	47.88	215.00	260.00	175.00	7.5	3.5	28.7	25.0	1.2	86	1:1
PARKE DAVIS,10	03/90	7.53	4.06	15.42	77.50	712.50	70.00	3.7	4.2	20.9	35.0	4.5	90	3:5
PENTO,10	10/90	10.32	40.09	22.03	95.00	95.00	25.50	2.0	2.9	42.5	10.0	1.2	82	1:5
PFIZER,10	03/90	11.72	16.81	24.43	85.00	156.25	80.00	2.3	1.8	37.0	20.0	2.4	77	4:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 19.4.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM,10	03/90	6.00	17.30	38.83	72.50	160.00	85.80	11.5	4.1	6.3	25.0	3.4	90	1:2
POLYOLEFINS,100	03/90	19.30	56.49	392.69	1115.00	1450.00	850.00	94.0	33.8	11.9	35.0	3.1	88	1:2
PONDS,10	12/90	10.01	19.26	29.24	218.75	218.75	126.73	7.6		28.8	37.5	1.7	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	45.00	79.00	32.00	7.5		6.0	30.0	6.7	86	1:1
PROCTER & GAM,10	06/90	6.68	11.88	27.49	265.00	340.00	195.00	6.7	5.3	39.6	30.0	1.1	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	13.50	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	112.50	135.00	85.00	1.9	3.3	59.2	10.0	0.9	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	152.50	152.50	92.50	8.4	6.6	18.2	27.5	1.8	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	174.00	174.00	75.00	8.1	7.2	21.5	20.0	1.1	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	272.50	272.50	185.00	11.1	4.8	24.5	47.5	1.7	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	14.00	22.00	12.50	0.9	0.7	15.6				
RELIANCE PETRO	03/89	86.47	0.46	10.06	36.50	56.50	20.50	0.6		64.2	18.0	4.7		
RELIANCE,10	03/90	152.11	958.12	72.99	143.00	234.00	51.50	5.9	5.5	24.2	30.0	2.1	83	3:5
REMINGTON,10	03/90	2.87	4.34	26.25	35.00	50.00	35.00	3.3	1.8	10.6	20.0	5.7	86	1:2
REVATHI C.P.10	03/90	1.60	4.29	36.81	97.50	100.00	67.50	5.8		16.8	20.0	2.1	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	112.50	118.75	63.75	9.8	3.1	11.5	15.0	1.3		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	65.00	75.00	37.50	2.2	1.9	29.5	12.0	1.8	80	1:3
ROSS MURARKA, 10	06/90	4.64	13.17	38.38	25.00	32.50	14.50	10.4	1.5	2.4	20.0	8.0		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1500.00	2950.00	1150.00	202.0	63.9	7.4	45.0	3.0	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	24.00	45.00	18.00	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	117.00	136.74	80.00	11.2		10.4	18.0	1.5	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1315.00	1425.00	610.00	87.2		15.1	30.0	2.3	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	12.00	14.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	132.50	155.00	110.00	5.3	4.9	25.0	20.0	1.5	86	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	231.25	231.25	76.00	6.7	9.5	34.5	18.0	0.8	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	107.50	118.00	69.00	12.7	6.3	8.5	42.5	4.0	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	141.25	142.50	101.00	4.4	4.0	32.1	30.0	2.1	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	125.00	140.00	42.50	0.4	-3.4	312.5				
SIPTA COATED,10	03/90	17.59	12.40	17.05	16.00	30.00	14.00	1.4		11.4	15.0	9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2700.00	2700.00	1260.00	84.0	50.7	32.1	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	52.00	75.00	34.00	6.8	1.3	7.6	18.0	3.1	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	63.50	75.00	45.00	6.8	3.8	9.3	18.0	2.8	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	190.00	250.00	97.50	10.4	5.2	18.3	25.0	1.3	89	1:2
SRF,10	09/89	10.33	22.69	31.97	35.00	65.00	14.00	4.2		8.3	18.0	5.1	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	71.25	120.00	51.25	1.2	1.9	59.4	20.0	2.8	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	12.00	26.00	10.75	-18.1				15.8	86	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	147.50	152.50	74.00	7.2	4.4	20.5	30.0	2.0	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	36.00	64.00	37.00	14.2	5.2	2.7	25.0	6.6		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	36.00	65.00	37.00	0.1	1.1	380.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	132.50	137.50	70.00	9.3	2.6	14.2	27.5	2.1	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	63.00	73.00	30.00	15.3		4.1	30.0	4.8	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	310.00	310.00	154.69	20.3	9.7	15.3	45.0	1.5	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	39.00	90.00	35.00	4.6	1.3	8.5	17.5	4.5		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	50.50	79.00	38.75	4.3	2.7	11.7	25.0	5.0		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	70.00	117.00	60.00	5.5	2.2	12.7	30.0	4.3	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	225.00	252.50	113.00	9.9	5.1	22.7	30.0	1.3	82	2:5
TATA OIL,10	03/90	8.11	25.19	41.06	72.50	150.00	36.80	16.5	2.9	4.4	20.0	2.8	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1355.00	1750.00	420.00	56.9	28.0	23.8	20.0	1.5	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	43.50	75.00	32.50	-3.6		10.9	10.0	2.3		
TATA STEEL,10	03/90	229.43	1103.11	58.08	175.50	230.00	104.75	6.5	3.3	27.0	30.0	1.7	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	372.50	450.00	176.00	24.3	16.3	15.3	60.0	1.6	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	160.00	200.00	70.00	11.8	4.3	13.6	30.0	1.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	55.00	84.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	45.00	47.50	27.50	2.5	-4.3	18.0	15.0	3.3		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	77.50	95.00	65.00	6.7	3.1	11.6	24.0	3.1	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	16.00	17.00	9.00	1.1	-0.8	14.5		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	12.50	26.00	11.00	1.3		9.6				
TWENT.CENT,10	03/90	8.88	12.44	24.01	32.50	52.00	21.50	4.5		7.2	22.0	6.8	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	55.00	76.25	37.00	8.1		6.8	20.0	3.6	86	1:1
UNION CARBIDE,10	03/90	32.58	29.86	19.17	45.50	45.50	22.25	-4.1		16.8	12.0	2.6	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	90.00	110.00	48.75	1.8	2.6	50.0	10.0	1.1		
UPCOM CABLES,10	03/89	5.92	1.86	13.18	15.00	27.00	16.00	4.3	-0.8	3.5	20.0	13.3		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	155.00	195.00	111.25	15.7	5.7	9.9	35.0	2.3		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	235.00	530.00	110.00	66.2	37.0	3.5	40.0	1.7		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	74.00	135.00	60.00	8.0	1.4	9.2	22.5	3.0		
VOLTAS,100	03/90	19.85	61.98	412.24	122.50	140.00	68.00	9.2	5.8	13.3	24.0	19.6	89	1:2
VST INDUSTRIES,10	03/90	9.65	16.71	27.32	140.00	140.00	45.00	6.1	9.1	23.0	30.0	2.1	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	25.00	32.50	16.25	-11.2		10.5			62	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	137.50	180.00	81.25	20.9	18.3	6.6	70.0	5.1	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	25.00	44.00	16.50	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	48.00	80.00	37.50	2.0	1.1	24.0	12.5	2.6		
ZENITH,10	03/90	9.15	-11.20	-2.24	26.00	58.00	26.00	-28.4	-11.9	9.2	30.0	11.5	87	1:4
ZUARI,10	03/90	12.43	57.09	55.93	72.50	95.00	55.00	4.7	4.2	15.4	30.0	4.1		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after-tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price



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ABOUT THE PROMOTERS

TCIL

★ Provides wide ranging consultancy services and executes turnkey contracts in the field of telecommunications and export of telecom equipment.

★ Operates in about 28 countries in Middle East, Africa, Asia, U.S.A., Europe and Australia.

★ Has won awards for excellent export performance, for highest growth of net worth amongst Public Sector Companies and for Best Public Sector Company in consultancy and contracting.

★ Large user of jelly filled cables for their turnkey jobs.

TIDCO

★ Dynamic industrial promotion organisation of Tamilnadu.

★ Has set up 56 projects with a total capital outlay of over Rs. 1200 crores.

★ Successful joint sector promotions include SPIC, Sakthi Soyas, Tamilnadu Petroproducts, Tamilnadu Dadha Pharmaceuticals, Titan Watches, UB Petroproducts, Ushta-Te Biotech, TANFAC, Pentasia Chemicals, Vanavil Dyes and Chemicals, etc.

Harnessing the potential of the Telecommunication industry

The Telecommunication Industry is growing by leaps and bounds. Not just in India but the world over. In India, as in many countries worldwide most new distribution cables are being laid with Polyethylene Insulated Jelly Filled Telecom Cables. No wonder, the demand for these cables is growing at an enormous rate.

A versatile Jelly Filled Cable Project

Enter Tamilnadu Telecommunications Ltd. (TTL). A Rs.28.65 crore project jointly promoted by Telecommunications Consultants India Ltd. (TCIL) and Tamilnadu Industrial Development Corporation Ltd. (TIDCO) for the manufacture of 6.25 lakh conductor kilometres of Jelly Filled Cables per annum. Located at Arakkonam in Tamilnadu, this plant will be among the more versatile in the country — with cables ranging from 50 to 2400 pairs of solid as well as foam skin insulation.

Latest Technology from a world leader

TTL has entered into a technical collaboration with Essex Group Inc. (EGI) of U.S.A. EGI is a pioneer in the field and 'Essex' cables are accepted by the telephone administrations throughout the world. A Fortune 500 Company, EGI is one of the world's largest producers of electrical wire and cable products.

Destined for a bright future

TTL's project is in an advanced stage of implementation and trial runs are already on. With a dedicated professional management team, the Company looks forward to serving the growing markets in India and abroad.

Soon, you'll have an opportunity to participate in its bright future.

TAMILNADU TELECOMMUNICATIONS LIMITED

Registered Office: Gee Gee Complex, 3rd Floor, 42 Anna Salai, Madras-600 002.

Your connection to prosperity.

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Company fixed deposits (current for May 1991)

Name of the company	Minimum amount	Rate of interest %		
		1 year	2 years	3 years
ASHOK LEYLAND	2000	-	13.75	14.00
APAR	3000	-	13.75	14.00
AMAL RASAYAN	3000	13.00	14.00	14.00
ASIAN CABLES	2000	-	13.50	14.00
APOLLO TYRES	2000	14.00	14.00	14.00
AEGIS CHEMICALS	2000	14.00	14.00	14.00
BAJAJ TEMPO	3000	12.00	13.00	14.00
BAJAJ AUTO	5000	-	-	14.00
BALLARPUR INDUS	2500	-	-	14.00
BLUE STAR	3000	11.00	13.00	14.00
BLOW PLAST	2000	-	14.00	14.00
BOMBAY SILK MILLS	3000	14.00	-	-
BHARAT GEARS	2000	14.00	14.00	14.00
BHARAT BIJLEE	3000	-	-	14.00
B.S.E.S.	5000	12.00	13.00	14.00
C.P. TOOLS (I)	4000	12.00	13.00	14.00
DCW	3000	12.50	13.50	14.00
DUNLOP INDIA	3000	-	-	14.00
DEEPAK NITRITE	3000	13.00	13.50	14.00
DEEPAK FERT	3000	-	-	14.00
EMPIRE INDUSTRIES	1000	13.00	14.00	14.00
ESSAR SHIPPING	3000	13.00	13.50	14.00
EWART INVEST	3000	-	-	14.00
GAMMON INDIA	5000	-	14.00	-
	3000	-	-	14.00
GARWARE PAINTS	2000	13.50	14.00	14.00
GNFC	3000	-	-	14.00
GABRIEL INDIA	3000	-	-	14.00
GARWARE WALL-ROPES	3000	-	13.50	14.00
GODREJ SOAPS	3000	-	-	14.00
GRINDWELL NORTON	2000	14.00	14.00	14.00
HOECHST INDIA	5000	-	-	14.00
HCL	5000	13.00	14.00	14.00
HINDUSTAN ALLOYS	3000	13.50	14.00	14.00
HINDUSTAN CONST.	3000	-	-	14.00
HARRISON MALAY	3000	-	13.00	14.00
HERCULES HOISTS	2000	13.50	-	14.00
HIND RECTIFIERS	3000	14.00	14.00	14.00
ITC	5000	-	-	14.00
IVP	5000	-	14.00	14.00
INVESTA	3000	-	-	14.00
ION EXCHANGE (I)	4000	-	-	14.00
INDIAN HUME PIPE	3000	-	14.00	14.00
JAYANT VITAMINS	3000	-	14.00	14.00
J.B.A. PRINT INK	3000	13.00	13.50	14.00
J.K. SYNTHETICS	15000	14.00	-	-
	3000	-	14.00	-
	3000	-	-	14.00
J.K. INDUSTRIES	2000	13.00	13.50	14.00
JINDAL STRIPS	2000	14.00	14.00	14.00
KEC INTL	3000	-	-	13.00
KHATAU JUNKER	2000	14.00	14.00	14.00
KINETIC ENGG	5000	-	-	14.00
LLOYD'S STEEL IND	3000	-	14.00	14.00
LIPTON INDIA	5000	-	13.50	14.00
MODIPON	2000	-	14.00	14.00
MUKAND	3000	12.00	13.00	14.00
NELCO	3000	-	-	14.00
THE PREMIER AUTO	3000	12.00	13.00	14.00
PREMIER CONST	3000	-	14.00	14.00
PRECISION FAST	2000	-	14.00	14.00
PREMIER AUTO ELEC	3000	-	14.00	14.00
POLYCHEM	25000	14.00	-	-
	15000	-	14.00	-
	2000	-	-	14.00
RELIANCE INDUS	15000	14.00	-	-
	10000	-	14.00	-
	5000	-	-	14.00
SHREE SYNTHETICS	2000	12.50	13.50	14.00
SPIC	3000	-	-	14.00
SANDVIK ASIA	2000	-	13.00	14.00
STEEL AUTHORITY OF INDIA	5000	10.50	11.50	13.00
STRAW PRODUCTS	3000	13.00	13.50	14.00
SPECIAL STEELS	5000	-	-	14.00
TITAN WATCHES	5000	-	-	14.00
TATA-KELTRON	5000	-	-	14.00
TATA FINANCE	5000	-	-	14.00
TATA SONS	5000	-	-	14.00
THE INVESTMENT CORP	3000	-	-	14.00
VIP INDUSTRIES	2000	-	14.00	14.00
WIPRO	4000	-	-	14.00
ZUARI AGRO CHEM	10000	12.50	-	-
	5000	-	13.00	-
	2000	-	-	14.00

Cumulative deposit scheme (current for May 1991)

Name of the company	Minimum deposit	Maturity amount	Period (years)	Annual compound rate of interest (%)
ACC	3000	4503	3	14.90
ASEA	3000	4533	3	14.93
APOLLO TYRES	3000	4555	3	14.94
ASHOK LEYLAND	2000	3025	3	14.63
ASIAN PAINTS	5000	7504	3	14.34
ASIAN CABLES	2000	3001	3	14.48
BEST & CROMPTON	3000	4554	3	14.94
BERGER PAINTS	3000	4533	3	14.93
BATA	3000	4503	3	14.90
BURROUGHS WEL	3000	4555	3	14.94
BLUE BLENDS	3000	4533	3	14.93
BAJAJ AUTO	5000	7505	3	14.49
BENETT COLEMAN	3000	4533	3	14.93
BHADRACHALAM P.	3000	4554	3	14.79
BAJAJ AUTO FIN	3000	4530	3	14.72
BLUE STAR	3000	4530	3	14.72
BAJAJ TEMPO	3000	4502	3	14.49
BHARAT BIJLEE	3000	4445	3	14.00
20TH CENTURY	1000	1516	3	14.93
COSMO FILMS	3000	4554	3	14.77
DCW	3000	4533	3	14.75
DUNLOP	3000	4533	3	14.93
DUNCANS AGRO	2000	3036	3	14.93
EMPIRE FIN	1000	1522	3	15.04
ESCORTS	3000	4500	3	14.90
ESSAR SHIPPING	3000	4533	3	14.75
ENNORE FOUNDRIES	2000	3025	3	14.72
EMPIRE INDUSTRIES	1000	1511	3	14.75
EAST INDIA HOTELS	1000	1511	3	14.75
GAMMON IND	3000	4555	3	14.75
GTC IND	3000	4533	3	14.93
GKW	2000	3036	3	14.77
HIND CONST	3000	4533	3	14.93
HIND ALLOYS	3000	4533	3	14.75
HIND RECT	3000	4566	3	14.94
HARRISON MALY.	3000	4533	3	14.59
HCL	5000	7590	3	14.77
HERCULES HOISTS	2000	3001	3	14.48
IVP	5000	7555	3	14.75
ITC	5000	7555	3	14.75
INDIA CEMENT	3000	4542	3	14.85
ICI	4000	6044	3	14.59
JAYANT VITAMINS	3000	4503	3	14.50
J.K. SYNTHETICS	3000	4500	3	14.47
J.K. INDUSTRIES	2000	3022	3	14.90
J.B.A. PRINTING	2000	3022	3	14.75
KANORIA CHEM	3000	4533	3	14.93
KOTHARI SUGARS	1000	1518	3	14.93
KIRLOSKAR INV	2000	3036	3	14.94
L&T	3000	4468	3	14.20
LLOYD'S STEEL	3000	4502	3	14.49
LIPTON INDIA	5000	7504	3	14.49
MGF (INDIA)	2000	3036	3	14.93
MODI XEROX	2000	3036	3	14.93
MCLEOD RUSS	4000	6044	3	14.74
MODIPON	2000	3001	3	14.49
MUKAND	3000	4446	3	14.01
NAGARJUNJA FIL	2000	3036	3	14.94
NELCO	3000	4502	3	14.49
PARAS SYNTH	3000	4560	3	14.98
PEICO	3000	4502	3	14.49
PHILIPS CARB	1000	1511	3	14.74
PRECISION FAST	2000	3022	3	14.90
PADAMJEE PULP	3000	4533	3	14.75
PREMIER AUTO	3000	4502	3	14.94
PREMIER CONST.	3000	4502	3	14.93
RAPICUT CARB	2000	3036	3	14.94
RANBAXY	5000	7555	3	14.75
RATHI ALLOYS	2000	3040	3	14.98
RELIANCE	5000	7550	3	14.75
SAKTHI FINANCE	5000	1518	3	15.03
SOUTH VISCOSE	3000	4533	3	14.75
SAIL	2000	2950	3	14.34
SHRIRAM FIBRES	2000	3022	3	14.75
STRAW PRODUCTS	3000	4533	3	14.75
SESA GOA	3000	4553	3	14.94
SAE	3000	4555	3	14.94
THAPAR AGRO	3000	4533	3	14.75
TATA TELECOM	5000	7504	3	14.49
TATA FIN	5000	7504	3	14.49
TATA SONS	5000	7408	3	14.00
USHA ALLOYS	3000	4554	3	14.93
UPTRON	3000	4553	3	14.94
VARELI TEXT	1000	4535	3	14.75
VIP IND	2000	3022	3	14.90
WS INDUS	2000	3022	3	14.75
WIPRO LIMITED	4000	6003	3	14.49
ZUARI AGRO	2000	3037	3	14.91

Note: The above list is a selection of companies which accept deposits from their shareholders or from the public. Public limited companies offer lower rates than many sound private limited companies or partnership firms. Readers are advised to take suitable professional advice.

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COMPANY ADDRESS _____
_____
TELEPHONE _____

SIGNATURE OF APPLICANT

I hereby apply for enrolement as Fellow/ Member/ Associate Member/ Retired Member of the Institute of Directors, and enclose a cheque for Rs. _____ (Rupees _____) being my first Annual Subscription with Admission Fee. I also undertake to abide by the rules and regulations of IOD as amended from time to time.

★ Entrance Fee	Rs. 2000/-
Annual Subscription	
Associate Member	Rs. 2000/-
Member	Rs. 2500/-
Fellows	Rs. 3000/-

★ Not Payable If Application Received Before 15.5.91

IOD Institute of Directors
107/55, Nehru Place, New Delhi-19
Tel : 642 1668, Fax : 91-11-646 8537
Telex : 031-71053 QMI IN

Single bright spark

While the market is slowly recovering, our winners are slowly dwindling. This time, we have a sole winner — V.V. Rao. Congratulations!

Scrips	Prices as on Monday 4 March 1991 (Rs.)	Prices as on Monday 8 April 1991 (Rs.)	Ranks
Atlas Copco	64.00	81.00	1
Hindustan Lever	162.50	162.50	5
Colgate Palmolive	310.00	313.75	4
Madras Cement	4150.00	4000.00	6
Sudarshan Chem	137.50	140.00	3
Coromandel Fert.	62.50	75.00	2

Given below is a new list of six scrips, and their closing prices on 19 April, 1991. Pick the share that you think will rise the most in percentage terms by 20 May,1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 20 May, 1991. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 16 May, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday 19 April, 1991 (Rs.)	Rank as on Monday 20 May, 1991 (please fill in number)
Ballarpur Ind	140.00	
Brooke Bond	305.00	
ITC	165.00	
Lipton Tea	96.00	
Modi Rubber	26.25	
Varun Shipping	62.50	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

IC343

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We believe that we should strike harmonious note between our hareholders' and workers' interests and he interest of the nation. Our workers re happy and proud to belong to us.

Often three generations of the same family have been working with the company. Our shareholders too have a reason to be happy. After all, the value of Century's shares over the last 40 years has appreciated over 340 times, considering issue of bonus and right shares. And in the last decade alone, Century has contributed over Rs. 660 crores to the national exchequer. And now, to create vitally needed productive assets for the country, we propose to move into the critical areas of power and petrochemicals.

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After the counsellors, the courtiers



ALL THESE YEARS
By Raj Thapar. A memoir
Seminar Publications, 1991
pp.485, Rs.175 (hard cover)

Raj Thapar's *All These Years* is crammed, like a pomegranate, with succulence. Each ruby distinct and yet held compact in the rind of controlled recollection. Forty-two years are re-opened in the book's pages. Is this a journal or diary? Or is it what those daunted by the word 'autobiography' choose to call a memoir?

The genre eludes classification. But so did Raj Thapar, child of the "affectionate rigidities of a middle class Punjabi family" and her exceptional husband, the blunt and brilliant Romesh Thapar. They remained unclassifiable throughout their companionship in marriage, Marxism and urbanity — all three in their truest forms. Bombay, where Romesh worked on the editorial staff of *The Times of India*, was the venue of the first Raj-Romesh home.

"Let yourself go"

"Romesh was obsessed with women's lib. 'You have been suppressed for nineteen years, so just let yourself go. Find what you want to do — and forget the traditional ideas of housework — everything is running. Just leave it as it is'."

Everything 'ran' for several decades at quite an incredible clip with the Thapars, not just their home. People, various human types, flowed into their flat. An extraordinary assortment of people were Romesh's guests and Raj's charge everyday at a dinner table that was always set 'for five'. Why five? The number is odd. The invisible sixth, it is clear, was ideology.

"I understood little of it but found myself moving naturally and effortlessly, almost sleepwalking, towards the communists, who were as much part of the social elite of Bombay at the time as anyone else."

The Bombay of the *boxwallah*, the Willingdon Sports Club and the Parsi baronetcy locked fingers with the Bombay party headquarters (PHQ) of the CPI at Sandhurst Road, of Mulk Raj Anand and of the very agreeably Marxist Mohan Kumaramangalam. Raj and Romesh belonged to both worlds and could do so without awkwardness because of Romesh's intellectual autonomy and Raj's pellucid humanity. Raj's portrait of Mohan Kumaramangalam, and of P.C. Joshi, the then CPI general secretary, of the making of the party's weekly organ *People's Age*, of Romesh's work in theatre, of the RIN mutiny, and of Raj's rage at the Congress line on this brave defiance of imperial power — all these form themselves into a word-seismograph. Raj felt that the Congress in the late forties was in a position to give the British that final heave, but chose not to.

"I don't know any more how right or wrong we were but, in the forties, it all seemed crystal clear — this is what had to be done and no one was doing it. And since Nehru was our face, as it were, blame fell on him for being chicken-hearted, feeble-minded, failing to rise to the situation. My anger rose to fever-pitch and I flung out the photograph of Nehru which adorned our living room — it had been given to Romesh at some time during his college days — replacing it with one of Palme Dutt."

"I understood little of it but found myself moving naturally and effortlessly, almost sleepwalking, towards the communists, who were as much part of the social elite of Bombay at the time as anyone else"

The cult figure

Rajni Palme Dutt emerges from these early pages of the book in human tones. He was a cult, a 'climate of opinion', a school of behaviour for communism internationally. "He came, this angular, somewhat stooping, excessively clumsy man, shuffling in his gait as if constantly side-stepping just in case he crushed something or hurt someone."

In the forties, it all seemed crystal clear — this is what had to be done and no one was doing it. And since Nehru was our face, as it were, blame fell on him for being chicken-hearted, feeble-minded, failing to rise to the situation

Raj describes his time in Bombay. RPD clearly did something to Raj that was to abide, but not in the expected sense of Marxist corroboration. Rather, the opposite. Raj and Romesh had misgivings about the CPI's attitude to Jinnah and the demand for Partition. Raj, perhaps even more than Romesh, had brought to her visceral rejection of the concept of two nations a sense of the shared legacies of the Punjab's Hindu, Sikh and Muslim segments.

She found an unexpected and heart-uplifting solidarity for her stand in RPD. Raj describes this with a quiet satisfaction, without a trace of self-congratulation. And in so doing she has established much more than a consensus of opinion between a dissenting Marxist and a pre-eminent Marxist theoretician. She has shown the credentials that honest dialogue ought to have enjoyed within the orthodox fret-work of communist policy in India and England. The sloughing-off that we have witnessed in recent times of Marxism's doctrinaire hide would make Raj's encounter with RPD something of a pace-setter.

Raj's supple vocabulary is in its element in the portions of the work that deal with their stay in England: "When I looked out at London the next morning, the whole of Dickens came pouring out of my

consciousness. Grey was the colour of the sky, of the buildings, of the mounds of bombed rubble which punctuated the streets, and grey was the colour of the clothes which people wore as they tore down the road."

Her description of RPD is a narrative of sheer delight. It is in fact the first rate observation of a person whose ideology was a conviction, never a baggage. And who could therefore see things as they are while knowing what they are meant to be. It is in the part of the work dealing with their stay in England that Raj's Marxism acquires clear delineation. S.A. Dange visited London at the time.

"Let them taste blood"

"We arranged to meet over tea at our flat... and I poured out my anguish at being thousands of miles away from home when home, which was to be Pakistan, was burning away, with the angry frustration of many life-times finding fulfilment in brutal distortions, mutilations, using revenge and religion to wash down the horrors. Dange looked at me impassively, with almost a gleam of secret delight. 'Don't worry, Raj' he said. 'Let our people taste blood, let them learn how to draw it. It will make the coming revolution easier.' I shuddered then, but I shudder much more now just thinking about it. No amount of arguing shook his conviction that this was the beginning of a shake-up in the Indian psyche. I did not realise then how closely bonded were means to ends."

Back in India, they found that even in the two-and-a-half years they were away, much had changed. The CPI was in the throes of IPS, which stood for Inner Party Struggle. Whenever you asked where someone was, you got the reply, 'Oh, he is ipsing.'

But ipsing is a personality trait of Indians across political parties! With groupings and counter-groupings, often no stronger than one person per group, characterising our endeavours, large and small, public and private. In the latter part of her book, Raj describes some of those endeavours over a period of three and a half decades. Three and a half decades which saw their family grow by a daughter and son, move to Delhi, to set up a new home and *Seminar*.

The kaleidoscope turned, over these



decades, to form some partners of exceptional power and promise, when socialism and *panchashila* as state policy seemed to spell a new millennium. But at its next turn the tinted segments became meaningless ciphers. The demise of Jawaharlal Nehru marked, for the Left, the setting of an indifferent sun. And yet for all its pallor it had, nonetheless, been a sun. The glinting icons of the sixties sank into the quicksands of the seventies.

Raj's portrayal of the last 15 years of her life is surcharged with what the word 'nostalgia' is meant to convey. She returns to those years, its hopes and disillusionments, affirmations and travesties, with pain

Nostalgia and deceit

Raj's portrayal of the last 15 years of her life is surcharged with what the word 'nostalgia' is meant to convey. She returns to those years, its hopes and disillusionments, affirmations and travesties, with pain. Envy, deceit, self-advancement, enter the portals of power using ideology — the tapestry of the human mind — as a doormat. What galls is that it does so in the name of the proletariat.

People, most of them still alive and ipsing in various political and official formations, figure in her narrative. But selective reproductions of these paragraphs can injure the spirit of the book which does not intend to show up any individual's deterioration in itself but as part of the evaporation of intellectual honesty from our times.

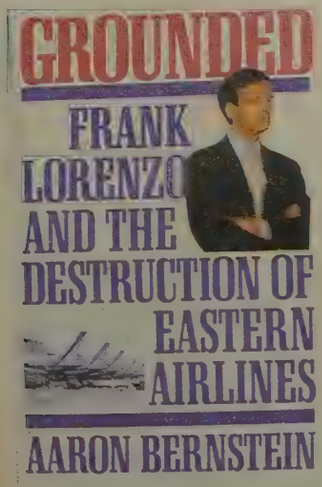
Salme and RPD, Beatrice and Sidney Webb, Dorothy Woodman and Kingsley Martin, Raj and Romesh Thapar. These are uncommon twosomes for whom the word 'spouse' would be singularly ill-fitting. That all these pairs mentioned belonged to the Left is a fortuitous accident. They belonged, more fundamentally, to the tradition that believes, with Adlai Stevenson, that: "If your cause is worthy it is not necessary to hope in order to undertake, nor is it necessary to succeed in order to persevere."

In an age of courtiers, counsellors make tragic figures. At a time when alliances thrive, disinterested companionship languishes. And when in the marbled corridors of power or dimly-lit PHQs, manipulation replaces action, something is in pain. *All These Years* may yet avail if readers — perhaps a generation from hence — see how bonded are means to ends, and see, too, the ugliness of hypocrisy.

■ GOPAL GANDHI

The reviewer is an administrator and a novelist

How to heist a billion



GROUNDED: Frank Lorenzo and the Destruction of Eastern Airlines
By Aaron Bernstein
Simon and Schuster, 1990
Distributed by IBD, pp 256, Rs.375

How to take the third largest airline in the US when it is going through bad times, prop it up with junk bonds and other financial shenanigans, and then run it into the ground... This is the story of Francisco Anthony Lorenzo, financial manipulator extraordinaire, who wanted to build himself not just a castle but an entire empire in the air... and failed. Because he saw the unions as his only stumbling block and went all out to smash them — little realising that people are the most important asset of a business, especially in a service industry.

The author, former labour editor at *Business Week*, has chronicled the process in detail. Rather too much detail, because he has to identify the *persona* almost every time he introduces them. Worse, the narration goes back and forth from February 1986, when Lorenzo took over Eastern to add it to his stable of airlines comprising Texas Air, Continental Airlines, People Express and Frontier Airlines, till April 1990 when, "little remains but ashes". This style may compare favourably with Eastern's own air shuttle operations — which too, Lorenzo put on the block — but it is not exactly easy reading.

Apart from the wholly un-English Americanisms — like *gotten* and *doable* — there are a number of outright mistakes too: testifying to the haste with which the book has been put together. The penultimate chapter on 'Lorenzo's Pyrrhic Victory' has the title of the last chapter — 'The Last Deal' — on a number of pages; the concluding chapter itself opens with "By December of 1990" when the author means 1989 — because he goes on about what followed, till the night of 18 April; and going back to 1986 (as Bernstein keeps doing) we have, "June 31, the day after Borman (Lorenzo's predecessor as president of Eastern) formally resigned"!

The book is, however, successful in bringing out the stark fact that one misdirected man in the commander's seat can make or break an airline. As Bernstein says in his introduction: "Frank Lorenzo exemplifies the failure of the traditional antagonistic methods of dealing with employees. He never understood that an airline's success depends on motivated workers providing quality services."

Lorenzo compounded this by resorting to a steady stripping of Eastern's assets — "burning up the furniture to heat the house" and "engaging in scorched-earth tactics", by which he "made off with net proceeds of up to $750 million in assets".

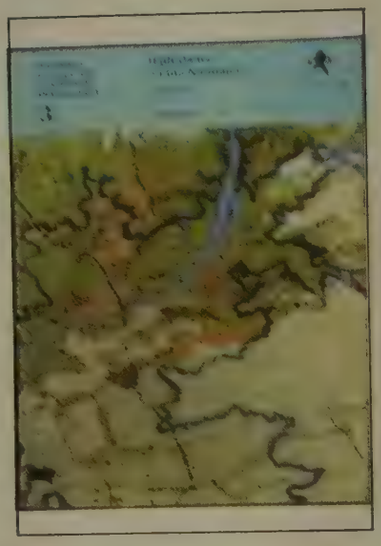
Reneging repeatedly

Lorenzo apparently never meant anything he promised during negotiations with employees, creditors, or prospective buyers: he reneged on deal after deal. When the unions went on strike on 4 March, 1989, it was the third time in his career that Lorenzo had grounded an airline in a bet-the-company attempt to beat organised labour. Though he won a major battle against the unions and put out of work a majority of the 42,000 people employed at Eastern when he bought it, he ultimately lost the airline to a man he had fired as president of Continental, Martin R. Shugrue Jr., whom the judge hearing Eastern's bankruptcy proceedings appointed as trustee.

"Lorenzo killed an airline," said another prospective buyer. "If he did it just to kill a union, that's unthinkable." At Eastern, says the author, Lorenzo's judgement became clouded by his "fanatical hatred" of labour unions. Would the airline's fate have been any different if Lorenzo had taken a softer approach? If he had come in making the kind of proposals that potential saviours in its dying days did, Bernstein concludes, a strong and viable airline might still have been flying.

■ SEKHAR SESHAN

Damning facts and stats



HIGH DAMS ON THE NARMADA: A HOLISTIC ANALYSIS OF THE RIVER VALLEY PROJECTS
By Vijay Paranjpye
INTACH, New Delhi, 1990, pp 320 (price not mentioned)

In the controversy over big dams, it is the proponents of mega-projects who have hitherto seemed to command superior knowledge and therefore greater power. But as the movement against big dams and other mega-projects evolves and attains maturity, this balance of advantage is about to undergo a decisive change.

The book under review is a welcome step in this direction. The author, who teaches economics at a Pune college, has spent many years analysing our experience with large dams from a holistic perspective. In the present volume, he turns to an examination of the controversial Narmada Sagar and Sardar Sarovar projects (NSP and SSP) on the Narmada. (An earlier publication by him, also in the INTACH series, presented a similar analysis of the Tehri dam.)

The case against the Narmada Valley Development Project is multidimensional and complex, and anti-dam activists have not always managed to present it effectively. Consequently, the general public has often failed to understand what the opposition is all about. The prevailing mindset takes it as axiomatic that big dams lead to progress and prosperity and challenging this fixed mental state is by no means easy. This is the challenge the author addresses in this book.

Considerable research has gone in

unearthing and bringing together all the relevant information — economic, environmental, social, developmental — in an attempt to substantiate the view that the project is an unmitigated disaster. Not everyone will be instantly converted to the author's viewpoint, but anyone with an open mind will entertain serious doubts about the Narmada project.

The author presents convincing arguments to show that the Narmada project is not only destructive in environmental and human terms but is disastrous even from a purely financial and developmental point of view. And he shows that far from being "Gujarat's life-line" and its "only hope", as the official view misleadingly claims, the SSP will leave unsolved the acute water crisis in a majority of Gujarat's chronically drought prone and arid areas. By the time the author is through, the project begins to look more and more like one of emperor Tughlak's grandiose yet foolhardy schemes.

The book shows that what is ignored and left out of account in the prevailing approach — our so-called "planned" approach to development — turns out in the end to be of decisive importance. The projects in question appear attractive only because of this selective vision — sometimes inadvertent and at other times deliberate — which takes too narrow a view of the totality of the project's consequences, and which has a built-in tendency to ignore or underplay the costs and exaggerate the benefits.

Grey areas

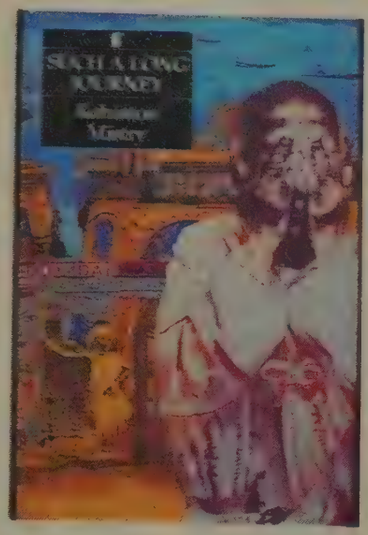
One only wishes that greater care had been taken in the presentation of the arguments and in editing the book. Small but important steps in the reasoning often remain obscure, either because they are glossed over or because the data or references needed to back up the author's assertions are either not provided or downright shoddy. Thus an opportunity to build a cast-iron case has, to some extent, been lost; and for this the absence of professional editing must bear a major part of the responsibility.

While these flaws detract somewhat from the overall impact of the book, this is nevertheless the most comprehensive attempt in print to present the case against the Narmada projects.

■ RUSI ENGINEER

The reviewer is a former editor of Business India, *and an environmentalist*

From darkness to light



SUCH A LONG JOURNEY
By Rohinton Mistry
Faber & Faber 1991
Distributed by Rupa & Co. pp.340, Rs.327

The past is unreachable. It can never be redeemed. Nor can any of its wrongs be righted: Almost everybody learns to accept this. Perhaps writers write because they don't. In earlier days, they dealt with this dilemma by writing the past out of their lives, today most choose to retreat into a catatonic trance.

• This is not to suggest that modern writing suffers from a lack of craft; it doesn't. What ails it rather, is the absence of substance: the razor, stropped to a cutting edge, more often than not, ends up sliding eerily over a face in a mirror. But Rohinton Mistry marries theme and technique: and the result is a brilliant first novel.

Attention to detail

Such A Long Journey sifts through the detritus of memory. And it is scrupulous in its attention to detail. It notes, for example, the fact that milk was not freely available and people had to often make do with watered-down varieties sold by men with dirty hands and bare feet. It records the emergence of the Shiv Sena. It describes hotels with signs that forbade discussions of God and politics. It talks of 'Christian girls' in miniskirts, their succulent thighs displayed, because those were times when the 'other' girls didn't. And it doesn't miss mentioning the fact that slum mothers searched for newspapers with pictures of Nixon and Kissinger for their children to 'shit' on, during the days of the Bangladesh war.

More importantly, the book chronicles many journeys. Its protagonist Gustad Noble painfully progresses from bewildered rage to an unsteady and sorrowful, but real, state of grace; and India, the country he happens to inhabit, moves from defeat in war to triumph. These are but two such journeys. There are many others. Some deal with movements in physical space; others with situations that seem static, yet change, because everything must, with the passage of time. And in others, men and women, coerced by forces they do not fully comprehend, travel deep into the wilds of their own souls.

These myriad journeys are not imbued with the gloss of a mythic, extra-real dimension. They brim with reality, and it's this hard-headed, hard-nosed grasp of the real that invests the narrative with power and vigour. Spare, taut metaphors weld the disparate journeys together into a seamless, often frightening, narrative coherence. And since the metaphors themselves are always tangible, at times even literal, language and theme mesh together like bone and muscle.

An instance

One passage which appears early on in the book illustrates this point: "But everyone knew the war with China froze Jawaharlal Nehru's heart, then broke it... His one overwhelming obsession now was, how to ensure that his darling daughter Indira... would become prime minister after him. This monomaniacal fixation occupied his days and nights which the treachery of Chou En-Lai had blighted for ever, darkened permanently, unlike the blacked-out cities, which returned to light after the conflict ended and people uncovered their doors and windows....

Gustad, however, left his blackout paper undisturbed. He said it helped the children to sleep better. Dilnavaz thought the idea was ridiculous, but she did not argue because his father had passed away recently in the nursing home. Perhaps, she thought, he found the darkness soothing after death's recent visitation."

At the end of the book, many more deaths later, Gustad tears the paper off his windows; and completes his lurching journey from darkness to light. The book's final achievement lies in the one point it trenchantly makes: no man can return to his past, nor can he escape his future.

■ NAVAL B. GHIARA

Lure of the lucre

Working overseas is like travelling by ship. If you get shipwrecked you have to cling to the wreckage till you are washed ashore. As against working back home which is like travelling by road. If you suffer a breakdown, you can always hitch a ride and reach your destination. Senior executives tempted by jobs abroad often do not realise this, as one discovers while conducting interviews for senior positions in Nigeria.

What strikes one as odd is the complete lack of serious thought one usually expects from a senior and successful manager while trying to reach an important career decision. The employers sent their representative to meet the shortlisted candidate and disabuse him of illusions.

Given the wide chasm in compensation levels between home and expatriate jobs, it is easy to understand the temptation behind an overseas offer. However, allowing this to submerge all other considerations could be a serious mistake. There are enough 'disaster' stories, of executives who aborted promising careers at home and went overseas, to warrant a hard look at the painful trade-offs involved. The decision to accept an expatriate job must come after careful and clear thinking.



Choose with care

It is vital to recognise one's objectives. Ask yourself: what exactly does one want out of an expatriate job? To what extent does the job opportunity satisfy each of these objectives? Guard against inevitable 'escalation' in goals such as net savings, once one gets accustomed to a different life style.

Picking good employers is as important as picking a good job while considering foreign assignments. Indian expatriates are usually employed by NRI groups located in the Far East Asia and East/West Africa, non-Indian family owned businesses, mainly Arab groups, in the Middle East, multinational companies/aid agencies, and Indian joint ventures. The first two groups are usually unknown quantities and need to be checked thoroughly. Applying through reputed professional firms cuts down the risk to some extent as they would usually run their own check before accepting an assignment. The track record of the employers in selecting and retaining senior professionals provides a better clue than the appointment contract does.

The other two groups of employers involve much less risk. However, remember that Indian joint venture companies seldom pay according to international norms and multinational companies' assignments are usually for short periods and in less favoured locations.

The trade-offs in choice of job can take the heaviest toll. The opportunities to upgrade oneself professionally must be carefully examined; otherwise those looking for 'challenges' may be in for a disappointment.

The employer expectations are quite different in terms of job performance. They want the minimum fuss (no management committees), less paper (no fancy reports) and direct action. The doers usually fit the bill better than the conceptual types.

Most aspirants fail to gauge the uncertainty over tenure and are easily persuaded to believe that they will somehow manage to hold on to an expat job once they get a foot through the door. The period of contract is a poor guide, for it depends on visa rules. Elementary precautions such as obtaining full information on granting and renewing of employment visas in the host country are certainly advisable.

Visas are usually granted for employment with a specific company and are not transferable, thus severely restricting the prospects of any job change. Expat jobs can evaporate for unforeseen reasons as well. Political turmoil, failure of business, foreclosure, takeover and restructuring, among other things, can pose a direct threat. The recent invasion of Kuwait is proof enough that these things happen.

Since the well-being of the family is the driving stimulus for seeking an expatriate job, family issues should never get relegated to the background. Education of children, parental and other social obligations back home and adjustment to a new environment are key issues.

Quality of life

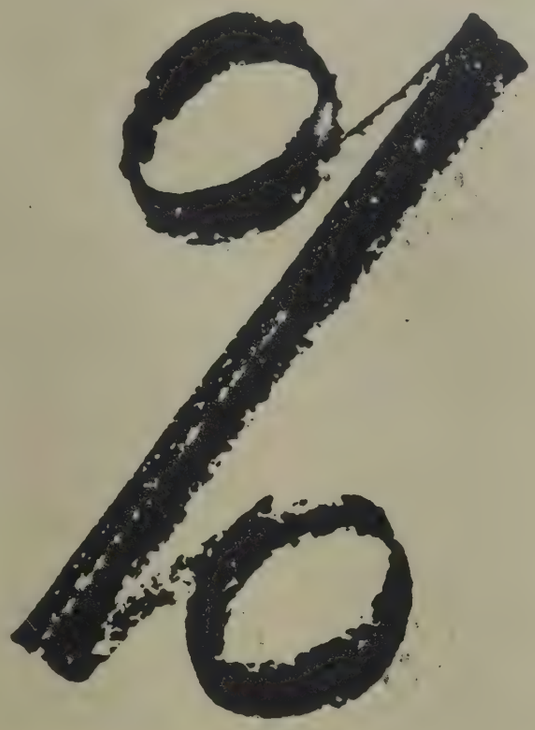
The job location is critical to social and family life. From comparing the quality of life in a new location with what one was accustomed to in India, one soon shifts to comparing his lifestyle with that of other expatriates in the same location. So he must take care to include in the compensation package the perks like housing in a proper area, tuition for children in international schools etc so as to maintain acceptable standards.

What happens when you return? Thoughts of repatriation are bound to be vague while deciding on an expatriate assignment. Most executives talk about starting a business on their return without realising the scale of investment and the degree of competition involved. Taking up a job would be a more realistic option. But many find the positions and salaries offered distressingly below expectations, particularly when they see their colleagues, whom they had left behind in junior posts, occupying top slots. The family also will have to go through a painful resettlement ordeal and the economic security acquired through the overseas stint is of little comfort.

So, those who are offered an assignment abroad would do well to check on the employer, environment and service conditions before deciding to accept the offer.

■ PRADIP DESAI

The author is president, Abhijat Impex Pvt Ltd



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Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 8 and 21 April 1991.

THE FOUR BEST JOBS

- PRESIDENT * Madras * SAL Best in business * *Age/Qlfn* Around 50 years * MBA * *Reqd* 10-15 years experience in national/international airline * *Cont* The Executive Chairman, Phoenix Airlines, 27 Anandha Road, Alwarpet, Madras 600018 (ToI - 15.4)
- FINANCIAL ADVISOR * Delhi * SAL Rs.3 lakh + flat + car * *Age/Qlfn* 45-50 years * Chartered Accountant or MBA-finance * *Reqd* Experience in a large/reputed business group * *Cont* TFA/BPA/3072, B.P. Agrawal, Chairman, ABC Consultants Private Ltd, 43/3 Hazra Road, Calcutta 700019 (ToI - 8.4)
- PRESIDENT (International Trading Company) * Delhi * SAL Rs.3 lakh + flat + car * *Age/Qlfn* 40-45 years * NS * *Reqd* Export professional with knowledge of international markets. Should have at least 15 years relevent experience, including 5 years as head of merchant export operation * *Cont* PIT/BPA/3073, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (ToI - 8.4)
- GENERAL MANAGER (Central Planning) * Bombay * SAL Excellent * *Age/Qlfn* 40-45 years * Chemical technologist * *Reqd* 15 years multifunctional experience, including 5 years in planning * *Cont* MS/5671, A.F. Ferguson Associates, P.B. No.1786, Bombay 400001 (ToI - 8.4)

NATIONAL

- GENERAL MANAGER (Marketing) * NS * SAL Rs.1.5 lakh plus perks * *Age/Qlfn* NS * Graduate * *Reqd* Minimum 5 years experience as a senior manager * *Cont* P B No.9906, Colaba Post Office, Bombay 400005 (ToI - 15.4)
- GENERAL MANAGER (Works) * NS * SAL Attractive * *Age/Qlfn* 42-47 years * PG in pharmacy/engineering * *Reqd* 12-15 years experience in shopfloor management of pharmaceutical operations including 5 years at senior level * *Cont* MD, Torrent Pharmaceuticals Ltd, Torrent House, Near Dinesh Hall, Ashram Road, Ahmedabad 380009 (ToI - 15.4)
- CHIEF EXECUTIVE * Metropolitan city * SAL NS * *Age/Qlfn* Around 45 years * Engineer * *Reqd* 20 years experience including 5 years at top management level * *Cont* Ms. Pratibha Sheth, Executive Director, Shilputsi Consultants, P.B No.9386, Bombay 400026 (ToI - 15.4)

WEST

- GENERAL MANAGER (Supermarket) * Bombay * SAL Attractive * *Age/Qlfn* NS * NS * *Reqd* Preferably marketing background in food industry * *Cont* GM/105, Mahajan & Aibara, 1 Chawla House, 62 Wodehouse Road, Colaba, Bombay 400005 (ToI - 8.4)
- CHIEF EXECUTIVE OFFICER * Bombay * SAL Attractive * *Age/Qlfn* NS * Professional * *Reqd* NS * *Cont* Box J717-S, Times of India, Bombay 400001 (ToI - 8.4)

SOUTH

- GENERAL MANAGER (Works) * South India * SAL Attractive * *Age/Qlfn* 40-45 years * First class mechanical engineer, with PG in production management * *Reqd* Experience in senior positions including responsibility for manufacturing, production planning and administration * *Cont* Box J 844-S, Times of India, Bombay 400001 (ToI - 20.4)

EAST

- GENERAL MANAGER * West Bengal * SAL NS * *Age/Qlfn* 40-45 years * NS * *Reqd* Should have strong techno-commercial orientation with a special flair for man management * *Cont* GMT/CAL/4100, T. Sengupta, General Manager, ABC Consultants Pvt Ltd, 6A Middleton St, Calcutta 700071 (S - 14.4)
- GENERAL MANAGER (Marketing) * Calcutta * SAL Very good * *Age/Qlfn* 35-40 years * Metallurgical or mechanical engineer * *Reqd* Proven record in any heavy industry with 10-12 years experience * *Cont* Noble House, Management and Placement Consultants, Post Box 3531, New Delhi (ToI - 15.4)
- HEAD OF FINANCE * Ranchi * SAL NS * *Age/Qlfn* 27-32 years * CA/Engineer or MBAs * *Reqd* Should have relevant experience of 6-9 years with specialisation in finance * *Cont* Deputy General Manager (Corporate Development), SRF Ltd, Express Building, 9-10 Bahadur Shah, Zafar Marg, New Delhi 110002 (S - 12.4)

OVERSEAS

- FINANCIAL CONTROLLER * Muscat * SAL Rs.30,000 pm tax free + perks * *Age/Qlfn* 35-45 years * Chartered Accountant, preferably graduate in costing, law or MBA * *Reqd* 10-15 years experience in an industrial organisation * *Cont* Ramesh P. Bhatia & Co, A-5 Everest, Tardeo, Bombay 400034 (ToI - 14.4)
- GENERAL MANAGER * Ghana * SAL Rs.2.5 lakh pa savings + perks * *Age/Qlfn* 35-40 years * Graduates in engineering or paper/plastic technology * *Reqd* General management experience in paper conversion/packaging * *Cont* CMP/F-4183, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 14.4)
- GROUP GENERAL MANAGER * Kenya * SAL Attractive * *Age/Qlfn* 35-45 years * Preferably engineer-MBA * *Reqd* Adequate general management experience * *Cont* CMP/F-4193, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 21.4)
- GENERAL MANAGER * Muscat * SAL Rs.30,000 pm + perks * *Age/Qlfn* Around 40-45 years * Engineer/MBA * *Reqd* Experience of at least 10-15 years in soft-drinks industry. Person heading profit centre preferred * *Cont* Ramesh P.Bhatia & Co, A-5 Everest, Tardeo, Bombay 400034 (ToI - 21.4)
- GENERAL MANAGER (Printing/Publishing) * Muscat * SAL Rs.30,000 pm + perks * *Age/Qlfn* Around 40 years * Preferably a degree in printing technology with MBA * *Reqd* 10-15 years senior management experience preferably in a printing press * *Cont* Ramesh P. Bhatia & Co, A-5, Everest, Tardeo, Bombay 400034 (ToI - 21.4)

Executive positions

TOI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- ZONAL MANAGER * New Delhi * SAL NS * *Age/Qlfn* NS * Graduates/engineers * *Reqd* At least 10 years experience in selling industrial products with reputed companies * *Cont* MS/5672, A.F. Ferguson Associates, P.B. No.1786, Bombay 400001 (HT - 10.4)
- MANAGER FINANCE (Corporate) * North India * SAL NS * *Age/Qlfn* NS * CA * *Reqd* Should have experience in similar capacity in a reputed organisation * *Cont* The Chairman, Arihant Fabrics Ltd, 223 Som Dutt Chambers II, 9 Bhikaji Cama Place, New Delhi 110066 (HT - 16.4)
- CHIEF MANAGER (Systems & MIS) * Bombay * SAL Attractive * *Age/Qlfn* 35-40 years * MBA/CA * *Reqd* Computer background * *Cont* The Finance Director, Bennett Coleman & Co. Ltd, The Times of India Group, D.N. Road, Bombay 400001 (ToI - 8.4)
- MANAGER (Purchase) * Bangalore * SAL Suitable * *Age/Qlfn* 30-32 years * Engineering/science graduates with diploma in materials science * *Reqd* 7-10 years experience in materials management in chemical/fine chemical/pharmaceuticals industry * *Cont* M/93, The Manager (Personnel), Chemicals & Plastics India Ltd, 8 Cathedral Road, Madras 600086 (ToI - 8.4)
- SALES MANAGER * Bombay * SAL NS * *Age/Qlfn* 35 years * Science graduate preferably with a degree in business administration * *Reqd* 7-10 years experience in veterinary sales management * *Cont* The Vice-president, Human Resources, SM Dyechem Ltd, SM House, 11 Sahakar Road, Ville Parle (E), Bombay 400057 (ToI - 8.4)
- COMPANY SECRETARY * Bombay * SAL Excellent * *Age/Qlfn* 45 years * Company secretaries * *Reqd* 5-7 years in senior positions * *Cont* The Finance Director, German Remedies Ltd, Shiv Sagar Estate, Block A, 3rd Floor, Dr. Annie Besant Road, Worli, Bombay 400018 (ToI - 8.4)
- SENIOR MANAGERS * Khadki, Pune * SAL Attractive * *Age/Qlfn* Engineering graduates, preferably MBA * *Reqd* 7-10 years experience in exports of engineering products * *Cont* Senior Executive, Personnel & Industrial Relations, Kirloskar Oil Engines Ltd, Khadki, Pune 411003 (ToI - 8.4)
- MANAGER (EDP) * Jamnagar, Gujarat * SAL Attractive * *Age/Qlfn* NS * Engineering/science graduates * *Reqd* 8 years experience including 3 years at a senior level in systems * *Cont* MS/5664, A.F. Ferguson & Co., P.B. 1786, Bombay 400001 (ToI - 10.4)
- FACTORY MANAGER * South India * SAL Attractive * *Age/Qlfn* Around 35 years * 1st class mechanical engineers * *Reqd* 10 years relevent experience including 3 years in senior position in a hi-tech engineering indus * *Cont* FMM/MDS/01, ABC Consultants Private Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 15.4)
- MANAGER (Commercial) * Bombay * SAL Attractive * *Age/Qlfn* 28-32 years * Chartered Accountant * *Reqd* Relevant experience in a computerised environment * *Cont* S.B. Billimoria & Co, 70/3 Miller Road, P.B.176, Bangalore 560054 (ToI - 15.4)
- PROJECT MANAGER * Bangalore * SAL No constraint * *Age/Qlfn* NS * Computer science/communications * *Reqd* NS * *Cont* Index Computing, Shariff Chambers, 14 Cunningham Road, Bangalore 560052 (ToI - 15.4)
- REGIONAL MANAGER * Madras * SAL Best in industry * *Age/Qlfn* NS * Engineer and/or MBA * *Reqd* 15 years experience in marketing consumer durables and professional equipment * *Cont* Deputy General Manager (Personnel), Uptron India Ltd, P B No.444, Ganti Nagar, Lucknow 226 001 (ToI - 16.4)
- MANAGER (Budgeting & Costing) * Bombay * SAL Attractive * *Age/Qlfn* 28-32 years * MBA in finance/CA * *Reqd* 3-5 years of relevant experience in reputed organisation * *Cont* IT/ACC/15/91, The General Manager, Human Resource & Organisation Development, Apple Industries Ltd, B-4, Amarchand Mansion, Madame Cama Road, Colaba, Bombay 400039 (ToI - 19.4)
- MANAGER (Taxation) * Pune * SAL Rs.87,000 p.a. * *Age/Qlfn* 25-30 years * Chartered Accountant * *Reqd* 5-7 years experience in general accounting in a large industrial undertaking * *Cont* Executive (Personnel), Kirloskar Brothers Ltd, Udyog Bhavan, Tilak Road, Pune 411002 (ToI - 20.4)
- SENIOR MANAGER (Finance) * Waluj (Aurangabad) * SAL NS * *Age/Qlfn* NS * CA/ICWA * *Reqd* 10 years post qualification experience in a public limited company with at least 5 years at departmental head level * *Cont* Manager (Personnel), Bajaj Auto Ltd, Bajaj Nagar, Waluj, Aurangabad 431133 (BI - 15.4)

OVERSEAS

- SENIOR SALES MANAGER * Oman & UAE * SAL Competitive * *Age/Qlfn* NS * Electrical engineer, preferably MBAs * *Reqd* Minimum 5 years in marketing industrial products. Preferably illumination products * *Cont* MS/5679, A.F. Ferguson & Co, P.O. Box 1786, Bombay 400001 (ToI - 21.4)
- SENIOR AND SYSTEM ANALYST * Bahrain * US$ 21,000 p.a. tax-free * *Age/Qlfn* Degree, preferably in computer or related science * *Reqd* 3 years of directly related experience on A/E/C intergraph applications, VMS, Unix etc * *Cont* K.S. Rathour/J.N. Modi, Acme Consultants & Services, Jatia Chambers, 60 V.B. Gandhi Marg, Fort, Bombay 400023 (ToI - 21.4)
- PROJECT MANAGER * Muscat * SAL NS * *Age/Qlfn* NS * Civil engineer * *Reqd* 10 years experience of which at least few years as project manager of a water supply and utility construction project * *Cont* J.M. Mehta & Co, 38 Oasis, Near Municipal Market, Vakola, Santacruz (East), Bombay 400055 (ToI 21.4)
- SALES MANAGER * Muscat * SAL NS * *Age/Qlfn* 35-37 years * Engineer with marketing experience * *Reqd* Should have 5-7 years in handling marketing operations of technical products * *Cont* J.V. Mehta, Executive Director, Creative Management Consultants Service, 21 Atlanta, Nariman Point, Bombay 400021 (ToI - 21.4)



PRESIDENT

CONSUMER DURABLES

Our clients, who are one of India's leading groups in the area of consumer durables and related products need an outstanding professional to head the operations of one of their companies.

The job carries total responsibility for setting up new projects and running the existing ones. The position reports to the **Managing Director.**

Aspirants should be mechanical/electrical engineers, in their early/mid-40s, preferably having qualifications in business management from a reputed institute. They should possess approximately 20 years of experience of which at least 8/10 years should have been as the head of mass manufacturing units in the automobile, consumer durable or engineering sector.

The successful candidate will be one with a proven track record of managing large manufacturing units with strict adherance to cost and quality standards. He should be able to lead a group of experienced senior managers and fuse them into an effective team. Exposure to dealings with international collaborators will be a distinct advantage. Knowledge of the latest mass manufacturing techniques and familiarity with sources/availability of machinery for the same is a must.

The compensation is liberal and negotiable to match the capabilities and aspirations of the successful candidate.

All applications will be treated in the strictest confidence and no reference will be made to our clients without the prior knowledge of the applicant.

Please send your detailed resume mentioning 2 references to :



management productivity systems
post box 9313
bombay - 400 036.



DIRECTOR – FINANCE

Bombay **Attractive remuneration**

Automobile Products of India Ltd., a growth oriented automobile company which is part of a large group and has a collaboration with a reputed Japanese company requires a Director – Finance to be based at its head office at Bombay.

The Director – Finance will be overall in charge of all financial matters including the long term and short term financial planning and management, budgetary control and management information system, tax planning and financial controls. He will liaise with senior personnel in the financial institutions and banks.

Candidates should be chartered accountants with at least 20 – 22 years experience in finance and accounting out of which at least 10 years should be in senior financial positions in reputed manufacturing organisations.

The company will offer a very attractive compensation package in accordance and subject to the provisions of the Companies Act, 1956.

Please apply in strict confidence within 10 days to:

A. F. Ferguson Associates
Post Box No. 1786
Bombay 400 001

giving full particulars of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref: MS/5661".

Shilputsi

SHILPUTSI CONSULTANTS have been retained to recruit a

CHIEF EXECUTIVE

Our clients are a well diversified, professionally managed industrial group. The position will head the largest and most profitable business of the group. The business has a well diversified portfolio and includes the manufacturing and marketing of industrial products which are market leaders in their respective segments. With a current turnover of around Rs. 175 crores, the business is poised for further expansion and growth. The position is based in a metropolitan city.

The job: The Chief Executive will be incharge of total operations including manufacturing, marketing, finance, personnel & R&D. He will be responsible for preparing and implementing business plans and strategy and will assume full responsibility for profit generation. We are looking for an outstanding professional who will motivate the team to take the business to greater heights of achievement.

Qualifications: The ideal candidate will be an Engineer with about 20 years of experience out of which atleast 5 years should be at top management level. Experience in managing large plants will be an advantage. He should have had a successful track record and should be capable of leading a team of senior colleagues.

Age: Around 45 years.

Remuneration: The remuneration package has been designed to match the considerable responsibilities involved in this top management position.

Please apply in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
Post Box No. 9386,
Bombay-400 026.

CHIEF EXECUTIVE

NEW DELHI **FINANCE COMPANY** **TERMS NEGOTIABLE**

We are a large multi-unit, multi-product group of companies with interests in CONSUMER ELECTRONICS, HOME APPLIANCES, ELECTRONIC COMPONENTS, TRADING, EXPORTS, FINANCIAL SERVICES etc., backed by technological support from world leaders in various product lines. Our manufacturing units located in various states of the country are equipped with the most modern and advanced facilities supported by nearly 50 sales offices and depots throughout the country, handling more than 1500 dealers. Our team of nearly 3000 personnel comprises large numbers of professionals in various disciplines including engineering, management, finance etc.

We have turned in excellent working results in all our activities over the past 7 years and have consistently commanded a major share of the national market in our product segments. We are now poised for a major expansion and diversification in our activities with fresh investments of around Rs. 100 crores in the coming 12 months. These are proposed to be financed through our considerable internal resources as well as public issues and institutional borrowings. Our current group turn over of around Rs. 400 crores is expected to double at the end of 3 years.

In view of our growth plans, the expansion and diversification of our FINANCIAL SERVICES activities has assumed high priority. We are, therefore, looking for an outstanding leader to take overall charge of these activities. The incumbent shall head the Public Limited Company already promoted for these activities and shall report to the Board of Directors comprising of eminent and renowned persons from banking and finance. He shall be expected to chart the directions and course of our highly ambitious plans to convert them into large market shares, business and profits. He shall be responsible for all operations including mobilisation and management of resources, marketing of services, general management, growth and profitability of the Company. He shall be supported by a team of professionals for various activities.

Chartered Accountants/MBAs (Finance) from reputed institutions in India or abroad with over 15 years experience of which atleast 5 years at senior positions in similar functions in reputed Banks/Financial Services Companies would be suitable. Excellent track record of achievements in conceptualising and marketing innovative financial services, aggressive selling and commercial skills and man-management would be decisive factors in selection. Preferred Age Group — around 40 years.

Please apply within 10 days with full biographical details and record of achievements alongwith a recent passport size photograph to :

Box No. AA/343/LO/3
BUSINESS INDIA
59, Regal Building, Connaught Circus, New Delhi-110 001

All applications will be treated in strict confidence.



PHÖNIX AIRLINES

Phönix Airlines is a new domestic airline/airtaxi service waiting in the wings to grow into a nationwide airline. It is all set to reach international standards in flying.

And it is looking for the following personnel:

President

Will report to the Executive Chairman at the Corporate Office.

Implementing strategies for expansion and diversification will be his prime function.

An MBA from a reputed institute with at least 10-15 years' relevant experience in a national/international airline, will be ideal.

Age around 50 years.

Vice-President – Administration and Legal

Will report to the President at the Corporate Office.

A strong conceptual base in personnel management, inter-personal skills and judgement are necessary. Candidate should be adept at Personnel and Staff administration; commencing and concluding major settlements; and be knowledgeable in industrial law.

Position involves advising on corporate laws, obtaining approval from statutory bodies, drafting agreements/ documents, briefing and instructing counsel for operations in complicated legal/secretarial matters and interacting with attorney.

Candidate should be a law graduate, additionally qualified for Business Management.

A 10 to 12 years' relevant experience in an organisation of repute, is essential.

Age around 40 years.

Emoluments will match the best in the business.

Send in your detailed bio-data, superscribing the envelope with the post applied for, within 15 days to:

The Executive Chairman

Phönix Airlines

27 Anandha Road, Alwarpet, Madras 600 018

VICE PRESIDENT - COMMERCIAL

South India/Central India

Attractive remuneration including housing.

A well known diversified company, part of a large and fast growing business house, wishes to recruit a Vice-President — Commercial for its existing plants and new projects.

Candidates should be Chartered Accountants or MBAs with finance specialisation and have had 15 years experience in commercial management, preferably at plant locations. The person will be responsible for financial and cost accounting, materials distribution and personnel management. He will be effectively second in command in organisational hierarchy at the plant.

The remuneration package will be very attractive and in line with the best in the industry. Perquisites include housing, car and other senior level perquisites that go with a senior job.

Please apply in strict confidence, within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications and envelopes should be marked "Ref. MS/5677". Candidates not contacted within three months of application, may assume that they are not being considered.

Corporate Finance and Commercial

USHA RECTIFIER, a multilocation, multiproduct company, requires senior professionals in Delhi for their new Rs. 400 crores Sponge Iron Project under implementation at Jagdishpur (U.P.)

VICE PRESIDENT (FINANCE)

To head the finance functions of the Sponge Iron Project. The incumbent should have complete knowledge of all financial disciplines including project finance management and have at least five years experience as finance incharge in his previous assignment. Age 40-50 years.

GENERAL MANAGER (PROJECT FINANCE)

To work under Vice President looking after control and disbursement of finance during the construction period. After completion of the project the incumbent could head the account functions including budget and control in the same division or look after project finance in other expansion projects. Previous experience of handling project finance for similar size project is a must. Age 35-45 years.

GENERAL MANAGER (MERCHANT BANKING)

To look after merchant banking activities including liaison with financial institutions, merchant bankers, stock brokers and Stock Exchanges. The responsibilities will include planning finances for expansion and managing term loans, public issues, debenture issues, fixed deposits. Prior experience in merchant banking or financial services company, would be advantageous. Age 30-40 years.

GENERAL MANAGER (BANKING)

To be in charge of banking activities and to liaise with consortium bankers for working capital finance and all connected activities. He would be responsible for funds and cash management, banking, foreign exchange and other day to day banking activities and controls. Age 35-45 years.

GENERAL MANAGER (INTERNAL AUDIT)

To look after internal audit functions and to set up necessary systems for proper controls and checks. Persons having worked with reputed audit firms and having experience in similar assignments would be preferred. Age 40-45 years.

VICE PRESIDENT (COMMERCIAL)

To look after activities related to major contracts from commercial and legal viewpoints. He would be responsible to establish firm tie-ups for all inputs for the plant as well as establishing sale outlets for the final products, as also for making arrangements for handling, storage and transportation of inputs and outputs. Age 40-45 years.

GENERAL MANAGER (CONTRACTS)

To look after all aspects of works contracts including legal, sales tax and excise angles. A minimum 5 years experience in a similar function is required. Age 40-50 years.

The compensation package offered will be commensurate with qualifications and experience. Please apply or call in strict confidence to :

Dr. R.L. CHOUDHURY (Director & Group Vice President)

USHA RECTIFIER CORPORATION (I) LTD.

3 Cama Place, New Delhi - 110 066

Phone : (PBX) 6873447, 676901; (Dir) 6873937; (R) 6447290

TOPNOTCH
SELECTION & PLACEMENT SERVICES

MANAGING DIRECTOR

Our Client, a well known multinational organisation and an established major competitor in the global electronics market place, wishes to recruit a MD for its newly formed Joint Venture Company manufacturing Data Communications products.

The MD will be in charge of the overall operations and will be responsible for implementation of an aggressive business plan developed to achieve market leadership in India.

The incumbent should be an Engineering Graduate in Electronics/ Telecommunications Engineering, around 40-45 years of age, and with 5 to 8 years of experience in a General Management role. He should have a proven track record of achievements in the Computer, Telecommunications or Data Communications Industry. He should have the ability to build, direct and motivate a successful team of highly competent professional Managers.

The MD position is a Board Level Appointment and the incumbent will be an important member of an International Management Team in Asia. Extensive overseas training is planned for thorough understanding of the products and business strategy.

The position will be based at Bangalore.

Remuneration will be commensurate with qualifications and experience and will compare with the best-in-class in the Industry. Please apply in strict confidence, giving complete details/ contact telephone numbers, to:

ASIF MULLA
DIRECTOR

TOPNOTCH
SELECTION AND PLACEMENT SERVICES

102 Saqib III Turner Road
Bandra (W), Bombay 400 050.

PINXIT BLUE/186

The DALMIAS are a diversified industrial conglomerate with interests in dairy products, chemicals, cigarettes, paper, telecom, resorts, textiles, film production, advertising and a host of other spheres. Projected group turnover for 1992 is Rs. 1000 crores. The group has a variety of expanding international/domestic operations and is looking for a

GENERAL MANAGER — COMMERCIAL

PREMIER PAPER MILLS LTD.— BOMBAY

This is a KEY position and the selected incumbent will have INTEGRATED responsibility for total financial, accounting and commercial functions *inter alia* including formulation and implementation of financial policies, strategic plans, mobilisation of finance and working capital, project cost management, management accounting, taxation, company law work, materials management, imports, budgetary control and MIS in his basic area of operation.

Candidates should be outstanding CAs/MBAs with in-depth exposure to liasing with financial institutions/Government bodies and to overall commercial jobs.

Preferred age is around 35 years with 10-12 years of relevant experience.

THE GROUP BELIEVES THAT HUMAN RESOURCES ARE ITS GREATEST ASSETS AND ITS COMPENSATION PACKAGE IS DESIGNED TO MOTIVATE THE BEST TALENT IN THE INDUSTRY. **THE POSITION IS PRESENTLY LOCATED IN BOMBAY WHERE ACCOMMODATION WILL BE PROVIDED. THE INCUMBENT WOULD EVENTUALLY BE TRANSFERRED TO DELHI.**

Please apply within 10 days, with a contact telephone number, superscribing position title on the envelope, to :

Mr B.R. Grover
Director-Personnel
Dalmia (Bros) Pvt. Ltd.
Indraprakash Building, 2nd Floor, 21, Barakhamba Road,
New Delhi 110 001.

GOVAN/D/DBPL/5002/91

BOYDEN



Uncultured men with antiquated ideas are not what we had in mind. Our organization, Boyden International is the most quality oriented and fastest growing Executive Search Consultancy in India. Our client is an upcoming 100% Export Company in the Stone Industry – the first of its kind in the country's organized sector. They require a different breed of managers – leaders. Dynamic. Innovative. Skilled man managers and communicators. Men who foresee tremendous potential in stone exports.

GENERAL MANAGER – COMMERCIAL (DELHI)

The candidate will be responsible for importing raw materials, plant, machinery and consumables. The job entails liaising with the Central Govt., Industry, Commerce and CCI&E. He must be able to develop his own division.

The candidate should be a mechanical/electrical graduate engineer. Atleast 12 years experience in materials and shipping is a prerequisite. The candidate should be familiar with international customs and port regulations, particularly of Japan, USA and Europe. Candidates who have worked in a 100% Export Oriented Unit would have a distinct advantage.

He should possess good business acumen and should be able to manage the business cost-effectively.

GENERAL MANAGER – MARKETING & SALES (DELHI)

The candidate will be responsible for market development, sales, advertising and promotion. The job entails opening and liaising with foreign branches. Export promotion would be a key responsibility.

The candidate should preferably be an MBA. 10-15 years experience in exports, marketing and product management is essential. Ideally, the candidate should be familiar with the market situation in USA, Europe and Japan.

For both positions – Candidates should be 35-40 years and will report to the Managing Director. Compensation package will be negotiable around Rs. 3,00,000/- per annum. Send in your resume enclosing your photograph and phone numbers within 10 days to –

BOYDEN INTERNATIONAL
(A Division of Tristar Consultants)
616, Maker Chambers V, Nariman Point,
Bombay-400 021. Tel: 233905, 240377, 2047428
43 offices worldwide.

Ahmedabad/Bangalore/Baroda/Calcutta/ New Delhi/ Madras/Pune.

LINTAS TB VAC 7 2217

The KLJ Group, a multi-locational, multi-product Group in the field of Plastics & Chemicals, counted amongst the leaders in the Industry, has shown significant growth in the last few years with its turnover nearing the Rs. 100 crore mark.

Poised for further expansion and exploring lucrative diversification opportunities, especially in the highly competitive international market, the KLJ Group invites applications from outstanding professionals to head their International Division, on an independent Profit Centre Concept.

KLJ GROUP

General Manager - International Trade

Location : Bombay

He should be a graduate preferably with a Diploma from IIFT presently heading the International Trade division of a reputed medium/ large organization for at least 5-6 years.

Preferred age : 35 years

Thorough knowledge of export documentation, procedures and formalities together with the ability to chalk out and implement strategies and programmes to promote growth, are essential.

Should have travelled abroad and established extensive contacts. Knowledge of foreign languages would be an advantage.

Excellent terms and attractive remuneration package for the right person.

Please write in strict confidence, giving detailed resume along with contact telephone number and a passport-sized photograph, within 10 days to:

Shri K.J. Jain
Chairman & Managing Director
KLJ Plastics Limited
2-2-57, Pan Bazar, Secunderabad - 500 003

MAC/KLJ/91

ABC's major specialisations include Corporate Consultancy

PACKAGING INDUSTRY

Our client, a well established and professionally managed company is engaged in manufacturing wide-range of packaging material, in **technical collaboration with world renowned company** with an existing turnover of around Rs 20 crores. Their products enjoy excellent reputation with various leading industries. To supplement their growing needs, they require the following high calibre professionals to be based at **Delhi, Gurgaon and Rewari.**

CHIEF EXECUTIVE

The incumbent would be responsible for the **performance & profit** of the unit. Key performance areas shall be (a) Long term goals & Diversification (b) Marketing (c) Finance & Accounts (d) Team management & Leadership. The ideal candidate will be a mature **Business Manager** preferably a Chartered Accountant having 5 years experience in a senior management position holding multi-functional responsibilities, in a packaging/light engineering industry. Age : Around 40. Code : CE/DEL/1194.

GENERAL MANAGER

Reporting to the Chief Executive, the incumbent will be responsible for **entire technical & commercial operations.** Key responsibilities will include maximising production, man-management, cost control, inventory control, purchase of raw materials, etc. The ideal candidate would be a techno-commercial professional preferably with engineering background, capable of leading a team of professionals & having around 10-12 years experience in a packaging/light-engineering industry. Age : Around 35. Code : GM/DEL/1195.

PLANT MANAGER

Reporting to the GM, the incumbent will be responsible for **efficient running of the plant,** tool room, trouble shooting, maintaining stringent quality standards etc. Should be a Mechanical Engineer having around 8 years relevant experience and strong man-management skills. Age : Around 30. Code : PM/DEL/1196.

MANAGER—PPC

Incumbent will be responsible for preparation & monitoring of production schedules, follow up on despatches and continuous monitoring of availability of **raw materials & consumables.** Must be a Mechanical/Production engineering graduate having around 8 years relevant experience. Age : Around 30. Code : MP/DEL/1197.

Plant Manager & Manager—PPC positions shall be based at Rewari.

Emoluments are entirely negotiable and will compare with the best in the industry. Please write in strict confidence to **A.K. Matta, Manager** within 10 days with detailed bio-data quoting relevant job title & code.

ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019

Materials Management • Business Negotiations • Technology Transfer • MIS • O&M • Software Packages

Project Reports • Operations Research • Industrial Engineering • Systems & Procedures • Computer Feasibility

Organised Cost Reduction • SWOT Analysis • Data Processing

VIDEOCON

VIDEOCON APPLIANCES LIMITED, one of India's leading consumer durables companies, having Japanese collaboration for the manufacture of Air Conditioners and Refrigerators, will soon be putting up a large unit for the manufacture of Compressors, for which it needs :

GENERAL MANAGER

Baroda

(Compressors)

The plant which will be a very modern and sophisticated unit will manufacture compressors, both rotary and reciprocating types. The General Manager will take charge of the entire project implementation, selection of plant and equipment, plant lay-out, installation and commissioning of the equipment.

On completion of the project he will take over the running of the plant.

Applicants should be mechanical engineering graduates, preferably with postgraduate qualifications in production engineering and/or industrial engineering, aged around 40 years. They should have a working experience of 15/18 years, of which, **at least 10/12 years should have been in the manufacture of Compressors for Room Air Conditioners and Refrigerators at the Production Manager/ Plant Manager level.**

Candidates should be fully up-to-date on the latest developments in product features and manufacturing methods; experience of having worked abroad in a highly automated work environment will be a distinct advantage. **Knowledge of and familiarity with various equipment suppliers in India and abroad as well as with vendors for various bought out components is a must.**

This is a challenging assignment calling for dedicated working and a commitment to meeting exacting time schedules of implementation. The selected candidate can look forward to a gruelling work schedule. On its part, the company provides a congenial working atmosphere, with full freedom for initiative and innovation.

Compensation is designed to attract the best talent available and will be absolutely no bar for the right candidate.

Persons with less but similar experience may also apply for middle and junior level positions.

Please send your detailed resume, alongwith a recent photograph, mentioning two non-relative references, to:



hemendra k. varma,
management productivity system, post box no. 9313, bombay 400 036

TVS Whirlpool Ltd. is a joint venture between Sundaram-Clayton of the TVS Group and Whirlpool Corporation U.S.A., the world's largest appliance manufacturer. Poised for rapid growth, TWL will be a total appliance manufacturing company.

TVS Whirlpool has ambitious plans to significantly increase sales turnover, market share and profitability. To assume responsibility for its all-India sales operations, TWL needs a

GENERAL MANAGER
(SALES)

You will take charge of the total sales function for all products of TVS Whirlpool including dealer development, institutional sales, direct marketing, evolving sales plans and strategies, and setting targets. You will lead a team of area and regional sales managers. You will be based in Madras.

You should be around 40 years of age and be holding all-India responsibilities. You should have about 20 years work experience, of which at least 10 should have been in the consumer durables market. The quality of your work experience, especially a thorough grounding in the consumer durables segment, will be given priority.

TVS Whirlpool offers a cordial — though extremely challenging — work environment, with excellent scope for advancement within the group.

Applications with detailed bio-datas may be sent within 10 days to:

The Managing Director
TVS Whirlpool Limited
"Jayalakshmi Estates", 8, Haddows Road, Madras - 600 006.

TVS WHIRLPOOL LIMITED

EXECUTIVE SELECTION & RECRUITMENT • HRD SYSTEMS

EXECUTIVE SELECTION & RECRUITMENT • HRD SYSTEMS

EXECUTIVE SELECTION & RECRUITMENT - COMPUTER CONSULTANCY

Our client is a leading **Professionally Managed Public Limited Company** with Annual Turnover exceeding **Rs.100** Crores. To Strengthen the Existing structure & also to meet the on going expansion plans, we have been retained to recruit

GENERAL MANAGER - EDP/SYSTEMS

MADRAS

ATTRACTIVE PACKAGE INCLUDING LIBERAL PERKS.

The **incumbent** in the age group of **35 - 45** years should be a **Graduate** in **Computer Science** plus **Post Graduate Diploma** in **Systems Management** with hands on experience of **10-20** years in related Computer functions, preferably from **Leading Business Houses,** out of which last **5** years should have headed the **Computer Department.** Ability to interact with key functional areas effectively, co-ordinate & implement computerisation in the respective functions thoroughly besides being **instrumental** for **cost effectiveness & savings** for the organization is must. The selected candidate will be expected to handle the Department independently with sufficient structure, co-ordinate & implement with different units/Divisions, work on the latest generation of computers with high level languages, **UNIX, UNIFY,** etc., effectively. Must be willing to accept challenge, work under tremendous pressure, and be **result oriented.**

Candidates matching the above requirements may send their detailed **Resume** addressed to **A. MATHRUBOOTHAM, DIRECTOR,** within **15** days to

HRCG

PERSONNEL SELECTION DIVISION

HUMAN RESOURCES CONSULTANCY GROUP

NO:2, VELU STREET, WEST MAMBALAM MADRAS 600 033. PHONE: 426269/426151

EXECUTIVE SELECTION & RECRUITMENT - COMPUTER CONSULTANCY

Indian Petrochemicals Corporation Limited

(A Government of India Undertaking)
P.O. Petrochemicals - 391 346; Dist. Vadodara

We are a rapidly growing public sector petrochemicals company involved in the manufacture of polymers, fibres and fibre intermediates, organic chemicals, catalysts and adsorbents. **IPCL**, with its multi-locational manufacturing units will achieve a turnover exceeding Rs.3000 crores by 1996-97, placing it among the top petrochemicals companies in the world. **Research & Development** will have a key role to play in shaping the future of the Corporation.

The Research Centre of IPCL, provides facilities and a creative environment for scientists to meet the technological challenges of the future. The centre undertakes multi-disciplinary research in several frontier areas relevant to petrochemicals like catalysis & surface sciences, polymer & material science, especially in the area of carbon fibre and applications development, organic chemistry, chemical engineering, analytical spectroscopy and applied biology. It has one of the most sophisticated laboratories in India including modern analytical instruments and well-equipped pilot plant facilities.

We are seeking dynamic individuals to head top R&D positions for our Corporate R&D Centre located at Vadodara.

GENERAL MANAGERS/
DEPUTY GENERAL MANAGERS
(RESEARCH & DEVELOPMENT)

The incumbents should have excellent academic records and a Ph.D. degree in Chemistry/Chemical Engineering with proven record of excellence as evidenced by publications and patents. Candidates must have atleast 15 years post-doctoral experience in an organization of repute for the position of Deputy General Manager and 20 years in the case of General Manager. Requirements may be relaxed for deserving candidates. *Candidates should be able to provide leadership to a group of scientists and technologists and should preferably have the ability to translate R&D results into viable technology and transfer for commercialization and also should be able to undertake adminstrative responsibilities. The nature of job will also involve besides basic and applied research interacting with production, technical services and market development groups. These are very senior level positions demanding high-level leadership in formulation of R&D programmes and projects organising and coordinating team work.*

Emoluments and Age limit:

Depending upon suitability of candidate, the incumbents may be placed in the scale of pay of Rs.3000-3700 (Total emoluments Rs.5837 pm) as Dy. General Manager or in the scale of pay of Rs.3500-4000 (Total emoluments Rs.6472 pm) as General Manager (Scales due to upward revision). Total emoluments indicated include: Basic pay, IDA & ad-hoc relief. We also offer attractive benefits package. The age limit for both Dy. General Manager and General Manager is 45 years as on March 1991 and relaxable by 5 years in the case of SC/ST candidate.

Applicants working in Central/State and Semi. Govt./Public Sector Organization should route their application through proper channel. Persons belonging to SC/ST should provide a copy of the certificate from the competent authority alongwith the application. ONLY INDIAN NATIONALS NEED APPLY.

Bring your technical expertise and imaginative thinking to IPCL and share with us the excitement of creative research at our centre. For prompt consideration please forward your resume within fifteen days from the date of advertisement, to **General Manager (CPL), Corporate Office Building, Indian Petrochemicals Corporation Limited, Gorwa-Undera Road, P.O. Petrochemicals Township, Dist.: Vadodara-391 345, Gujarat, India.**

interads

Advt. No. HRD/R/91/04

HEAD OF PERSONNEL

BARODA

STEELCO GUJARAT LIMITED is a new Industrial Undertaking promoted by a major NRI Group which has enterprises all over the world. The first project of the Company with Japanese collaboration will be located near Baroda and will produce cold rolled steel sheets and coils, zinc aluminium coated coils and strips, and colour coated material for use in industrial and other applications.

The investment in the first phase will be over Rs. 200 crores.

A fully professional top management team is in place headed by a well-known Industrial Manager.

The Company is now looking for a senior manager to head the Personnel function.

The primary responsibilities of the incumbent will be to formulate and introduce sound personnel policies, and assist management in implementing such policies and establishing an industrial relations climate from the beginning which will be conducive to high productivity and quality of output. He will also be required to take on the responsibility for the design and implementation of all human resources development programmes at all levels and across all functions.

He will report to the Managing Director.

Candidates should have at least 15 years of industrial experience in human resources management backed by appropriate academic qualifications.

Preferred age: 40-45 years.

A generous remuneration package will be offered.

Applications in strict confidence should be sent within a fortnight to:

DR. R. BANERJEE

CONSINDIA

PRIVATE LIMITED

"Anand Ashram", 2nd Floor, 22, Pandita Ramabai Road,
Gamdevi, Bombay 400 007.

A HOT LINE TO SUCCESS

Hello, NATELCO is a multi-divisional company manufacturing a broad range of sophisticated communication equipment with its own multicrore Plant in Nashik. In a short span of just over 2 years, it has already over 500 installations in leading organisations all over India.

With a view to augment the existing team of 300 personnel, we are looking for:

Dist. Sales Manager

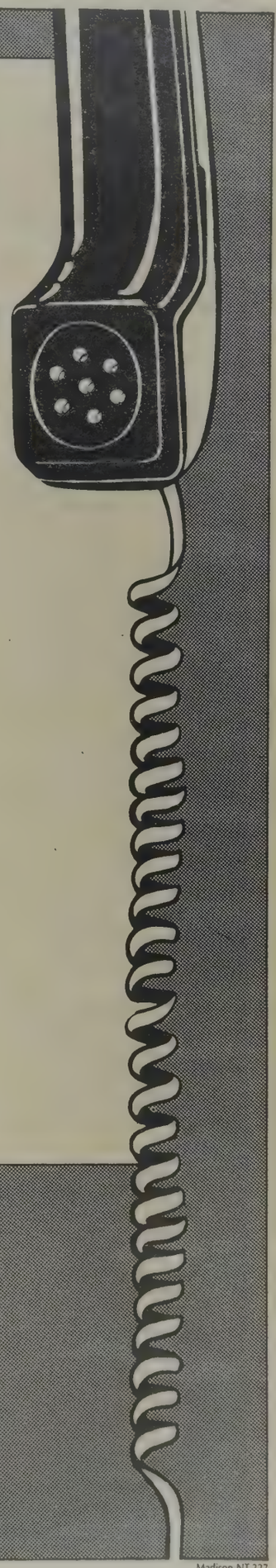
Bombay • Bangalore • Delhi • Madras • Hyderabad

Qualification : Candidate should be an Electronic Engineer/ Science Graduate preferably with Post graduation in Marketing Management.

Experience : Should have minimum 5 years' of successful selling career in Office Automation products/ Telecommunication lines.

Responsibility : He will be responsible for running the branch profitably and for leading a team of professionals to meet the assigned sales targets. He will be reporting to the General Manager [Systems].

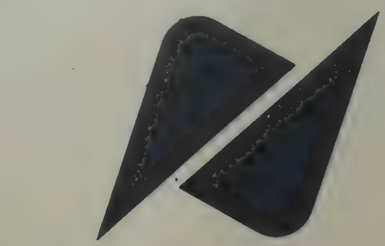
The selected candidates will be offered a very attractive remuneration package including liberal perquisites. Please send your biodata in strict confidence, with a passport size photograph, superscribing the envelope with the relevant designation.



NATELCO

Apply to :
Dr. P.N.Vasudevan
General Manager(HRD)
NATIONAL TELECOM OF INDIA LTD
F-16/17 Commerce Centre, 78 Tardeo Road, Bombay 400 034.

Madison-NT-227



Nalco Chemicals India Limited has been promoted by **ICI India Limited** and **Nalco Chemical Company, USA,** a **Fortune 500 Company** and a world leader in **Speciality Chemicals.** The Company's products have a potentially promising market in India.

For those with a proven track record, there are excellent career opportunities. Nalco provides training to successful candidates to accelerate their development and capability for advancement.

The Company has the following vacancies:

Territory Manager/Application Engineer at Nagpur, Bombay, Delhi.

Candidates should be Chemical Engineers from a recognised Institution with 2 to 3 years experience in Water Treatment Chemicals, Petroleum Refining and Petrochemicals.

Product Specialist in Applied Services at Calcutta.

Candidates should be First Class Engineers in Instrumentation/Electronics from a recognised Institution or University with 2 to 3 years experience in automatic instrumentation, microprocessors, vendor development and project engineering.

Assistant Manager - Engineering at Konnagar, 25km from Calcutta.

Candidates should be Electronics/Electrical Engineers from a recognised Institution or University with 2 to 3 years experience in the Chemical Industry.

Emoluments and perks will be very attractive for the right candidates, who should be below 35 years of age.

Please apply within 10 days enclosing your Bio-Data to Box No. AA/343/LN/4
Business India, Krishna Villa, 100 Park Street, Calcutta 700 017.

LLOYDS FINANCIAL SERVICES

(A Division of Magnificent Leasing & Investments Limited)

FINANCIAL SERVICES PROFESSIONALS

Magnificent Leasing & Investments Limited (MLIL) is an associate of Lloyds Steel Industries Limited.

Lloyds Financial Services offers a broad spectrum of financial services in Trade Bills Discounting, Portfolio Management and Merchant Banking. The other activities of the company are Consumer Finance, Leasing & Hire Purchase, etc. MLIL presently operates from Bombay and Pune.

It has ambitious plans to expand its operations on an all-India basis.

CALCUTTA-MADRAS-PUNE

PROFIT CENTRE MANAGERS The incumbents would head the company's regional operations and will be responsible for marketing all financial products and deposit mobilisation activities in the respective independent profit centres.

Candidates should be between 28 to 35 years, CAs/MBAs with specialization in Finance or Marketing. Setting and achieving product volumes, profitability targets besides liaising with customers and bankers/financial institutions will be key assessment criteria. Exceptional management skills and ability to lead and deliver results are essential requirements. Experience of 5/10 years in financial services or banking would be essential.

BOMBAY

MANAGER (TREASURY & MONEY MARKETS) The incumbent would be independently responsible for developing this business which would be a separate profit centre. He should have 2/3 years' experience in handling investments (Units, Public Sector Bonds, Equities & Intercorporate Deals) in a Commercial/Merchant Bank or Stock Broking firm.

MANAGER (OPERATIONS) The incumbent would be independently responsible for looking after operations in Bills Discounting, Portfolio Management and other financial products. Exposure to a computerised accounting environment in a foreign/national bank and ability to develop systems/MIS is essential. Candidates should have 5/10 years' experience in a bank.

BOMBAY-CALCUTTA-MADRAS-DELHI-PUNE

ACCOUNT MANAGERS They would work with Profit Centre Managers for developing business in their respective areas. Incumbents will be expected to build sound and profitable relationships with a set of institutional, corporate and commercial clients. Applicants should be between 23-32 years of age, CAs/MBAs with a minimum of 3/5 years experience in either banking or financial services industry. Candidates should be articulate and ambitious with the confidence necessary to interact effectively with clients at all levels.

MANAGER (DEPOSIT MOBILISATION) Incumbents would be responsible for deposit mobilisation. Indepth related experience of about 3/5 years in financial services companies, stock or fixed deposit broker firms or insurance companies is a must. Candidates must have a proven track record in deposit mobilisation.

EXECUTIVES Executives at various levels are needed in the following functional areas:

- Systems Development & Operations
- Accounts and Audit
- Financial Analysis & Credit Appraisal
- Marketing
- Portfolio Management
- Finance and Deposit Mobilisation

Incumbents should be fresh CAs/MBAs or have a degree in Commerce/Economics/Law with experience of 5 to 10 years in Finance Companies, Banks or Financial Institutions.

We offer a combination of good remuneration package together with excellent job content and satisfaction. Promotions and increment policies are based entirely on performance. Key personnel would get incentives in their normal compensation package.

Please apply within 15 days giving full particulars, including qualifications, experience, current/expected compensation, locational preference and contact telephone numbers alongwith a passport-size photograph, to:

Lloyds Financial Services
(A Division of Magnificent Leasing & Investments Limited)
Magnificent Leasing & Investments Limited
12-A, 11th Floor, Embassy Centre, Nariman Point, Bombay 400 021

Please superscribe the envelope and the application with the post applied for.

CLEA

SENIOR MANAGERS

BARODA

STEELCO GUJARAT LIMITED is a new Industrial Undertaking promoted by a major NRI Group which has enterprises all over the world. The first project of the Company with Japanese collaboration will be located near Baroda and will produce cold rolled steel sheets and coils, zinc aluminium coated coils and strips, and colour coated material for use in industrial and other applications.

The investment in the first phase will be over Rs. 200 crores.

A fully professional top management team is in place headed by a well-known Industrial Manager.

The Company is now looking for the following Senior Managers:—

MARKETING MANAGER

The incumbent will be required to formulate and develop marketing strategies and plans which will enable the Company to become the market leader in this field. He will also be required to set up and lead a sales team catering to a wide variety of outlets ranging from the distributive trade to specific highly sophisticated applications in the engineering industry. He will report to the General Manager — Commercial.

Candidates should have a degree in engineering, preferably backed by a Business/ Marketing management qualification and at least 10 years of industrial marketing experience in a similar field.

Preferred age: around 35 years.

FINANCE MANAGER — (Treasury)

The incumbent will be responsible for cash management, dealings with banks, financial institutions, foreign exchange transactions and financial advice on contracts.

FINANCE MANAGER — (Accounting)

The incumbent will be responsible for all financial accounting functions, costing and management accounting and Management Information Systems.

These positions will report to the Vice President — Finance.

Candidates should be Chartered/Cost Accountants or have a management qualification with specialisation in Finance and should have around 10 years of relevant experience in a major private or public sector enterprise.

Preferred age: around 35 years.

Generous remuneration packages will be offered for all these positions.

Applications in strict confidence should be sent within a fortnight to:

DR. R. BANERJEE

CONSINDIA PRIVATE LIMITED

"Anand Ashram", 2nd Floor, 22, Pandita Ramabai Road, Gamdevi, Bombay 400 007.

We are a fast growing professionally managed organisation marketing ARISTOCRAT Luggage - a brand enjoying significant market presence, backed by a committed team of innovative professionals. The Company has an extensive national sales network with 28 Branches located in major cities of the country. The sales turnover of the Company is around Rs. 55 crores.

The Company has ambitious plans to significantly increase sales turnover, market share and profitability. To assume responsibility for sales operations at some of our major branches, we need :



The Branch Managers would be responsible for implementation of marketing plans and achievement of sales objectives in designated areas. They would lead and motivate a team of field sales personnel to mould Branches into competent selling organisations. In addition, they would be responsible for all commercial operations at the unit level and discharge the role of Profit Centre Heads.

Successful candidates would be MBAs from one of the premier institutions with around 3 years experience in a reputed consumer product organisation. Excellent conceptual skills coupled with a fierce determination to succeed in a highly competitive environment are essential pre-requisites for the position.

The Company offers a cordial work environment with excellent scope for career advancement depending on performance.

Applications with detailed Bio-data may be sent within 10 days to :

Sr. Manager-Personnel
ARISTOCRAT MARKETING LIMITED
614-15, Shah & Nahar Industrial Estate, Dr. E. Moses Road, Worli, Bombay - 400 018.

Aristocrat
L·U·G·G·A·G·E

ŪRJAAMU305/91

ASSISTANT MANAGER– CORPORATE PLANNING

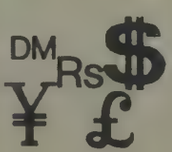
South India **Excellent terms**



THE COMPANY

Large Corporate Group with ambitious plans for further growth.

THE JOB



The incumbent will be part of a team at group level.

He will be involved in the establishment and updation of database on the economic and business environment.

He will provide information to Group companies on significant developments in the environment.



THE PERSON

Should be an MBA from a reputed institute and have Engineering or Economics background with a strong grasp of market research and financial analysis.

Should have five years' experience in the conduct/coordination of market surveys as well as feasibility studies/detailed project report preparation.



Should be familiar with computer applications and have good appreciation of the Indian economic scene.

Preferred age - around 28 years.

Please send your application, giving details of experience, qualifications, age, salary drawn and expected, within 10 days, to:



The Chairman
Apex Management Consulting Group Private Limited
C-1, Rams Square, No.2; Village Road, MADRAS 600 034.



QUALITY CONSULTANTS

Qimpro Consultants is the Indian affiliate of the Juran Institute, USA. Juran Institute is recognized worldwide as the leading source of training and consulting for total quality management. On behalf of the Juran Institute, we provide the methods and processes to compete through higher quality of operations, services and products. Our clients include leaders within industries such as: engineering, tractors, tyres, textiles, electronics and steel.

The responsibilities of a Quality Consultant at Qimpro include conducting quality awareness seminars; transferring the *Juran on Quality Improvement* and/or *Juran on Quality Planning* knowhow to clients; supporting the licensed clients with specific training and consultancy inputs.

Candidates should be graduates with experience in one or more of the following quality disciplines: quality improvement, quality planning, quality control, quality systems, quality software. An orientation towards marketing, design, purchase and manufacturing will be preferred. Training and consulting experience will be an asset.

Preferred age: Over 35 years.

Applications should be addressed to:

Qimpro Consultants Pvt Ltd
(Indian Affiliate of Juran Institute, Inc)
IC Sindhu House, Nanabhai Lane
Flora Fountain, Bombay 400 001

giving full details of age, qualifications, experience and salary drawn. All applications must include a passport size photograph and indicate a geographical preference.

HARVEST FINANCIALS LIMITED

Harvest Financials Limited has been incorporated recently with a broader concept of providing one stop Financial Services to undertake Hire Purchase, Leasing, Bill Discounting, Project Financing, Loan Syndication, Working Capital Finance, Portfolio Management, Export of Financial Services, Merchant Banking Activities, etc.

A team of professionals rich in experience with proven track records in various fields is Harvest's strength. Their result oriented approach and flair for innovation ensure something unique – The ultimate customer satisfaction.

To meet its primary objective – to ensure that Harvest is one of the best professionally managed service organisations and to support its growth plans, we are looking for top performers with high level of integrity, full of drive and initiative, for the following positions.

VICE PRESIDENT – MARKETING

The incumbent will be responsible for overall marketing operations, strategic planning with high level of commitment and leadership qualities. He should be in a position to guide and motivate the staff reporting to him to achieve the best results. Above all, he should be a person with positive approach and result oriented.

Candidates should be aggressive Chartered Accountants/MBA (Finance) from reputed institutes, with 10 years experience – out of which 5 years should be in Financial Services Industry.

Preferred Age: Around 35 years.

MANAGER – LEASING & HIRE PURCHASE

The incumbent will be an aggressive marketing person responsible for Lease/Hire Purchase marketing to provide cost effective schemes to customers.

Candidates should be Chartered Accountants/MBA (Finance) from reputed institutes, with 5 years experience – out of which 3 years should be in Financial Services Industry. Candidates with good exposure to Hire Purchase/Leasing need only apply.

Preferred Age: Around 28 years.

MANAGER – TRADE FINANCE

The incumbent will be responsible for Bill Discounting, Inter Corporate Deposits and other short term money market operations.

Candidates should be Chartered Accountants or MBA (Finance) from reputed institutes, with 5 years experience – out of which 3 years should be in Financial Services Industry. Candidates with a good exposure to Trade Finance need only apply.

Preferred Age: Around 28 years.

INVESTMENT ANALYST

The incumbent will be responsible for the Investment and Financial Analysis for a large Portfolio and Investment Management.

Candidates should be Chartered Accountants or MBA (Finance) from reputed institutes with 3-5 years experience in Financial Services/ Consulting Organisations. Candidates with a good exposure to Investment and Financial Analysis need only apply.

Preferred Age: Around 27 years.

The Company believes that people are its most important resource and provides excellent working environment, management style, compensation/benefits, professional challenge and opportunity for growth.

Please apply within 10 days with detailed biodata to:
Manager – Corporate Services
HARVEST FINANCIALS LIMITED
1506, Maker Chambers V Nariman Point Bombay-400 021.

A leading industrial group, among the top 10 business houses in the country, with interests in a wide range of industries and products is looking for a

GENERAL MANAGER-MARKETING

for its foundry unit in Calcutta, having a turnover of about 5 crores.

The company has ambitious plans for consolidation and growth of the operations of this unit.

The person would be independently responsible for conceptualising the strategy for growth – including identification, evaluation, planning and implementation of business opportunities. He would be reporting to Chief Executive of the company.

The job calls for a graduate Metallurgical or Mechanical engineer, preferably with formal qualifications in Marketing Management with a proven track record of tapping the latent potential of operations in a foundry, steel plant, Railways, or any other heavy industry. Age 35-40 years. Experience: 10-12 years.

Salaries and perquisites will be in line with the best in the industry.

Please rush your responses to

Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS
Post Box 3531, New Delhi 110 024

An invitation to join 200 of the most professional market researchers in the country.

What we are looking for is a lot of talent, excellent communication skills and high energy levels. We offer you the best in a research career, a professional environment, unmatched field and data processing resources and a chance to work on challenging and stimulating projects with the country's best researchers. With of course, salaries that are the best in the business.

Our Madras and Bangalore offices have recorded tremendous growth in recent years. For our blue chip clients in the South, we now need:

Project Directors/Associate Project Directors

MBAs from leading institutes with four to six years experience in consumer research, account planning, consultancy, media planning or product management.

Senior Research Executives/Research Executives

MBAs from leading institutes or post graduates in science, engineering, economics, statistics, sociology, psychology or related disciplines with one to three years experience in consumer research, industrial market research, consultancy, account planning, media planning or product management.

All positions carry perks such as HRA, LTA, PF, Medical Scheme, Superannuation etc.

So impress us with your bio-data stating your present remuneration and location preference (Madras/ Bangalore) within ten days.

Write to: Ramesh Thadani
President,
Indian Market Research Bureau (IMRB)
Nirmal, 7th Floor
Nariman Point
Bombay 400 021

(If you are interested in being located in any of our other offices, or specialist units in Bombay, Delhi or Calcutta please do apply stating location preferences).

IMRB

Indian Market Research Bureau

Contract.IMRB.20857/91

PANJON
Swad
Percy

PANJON'S INVITATION TO JOIN PRODUCTION MANAGER

LOCATION : INDORE

(Rs. - 1 Lakh P.A. + House + Car)

THE COMPANY

PANJON PVT. LTD., a fast growing multi-crore group manufacturing famous brands i.e. **Panjon** - Tablets, **Swad** - Digestive Drops and **Percy** - Confectionery; is a professionally managed organisation, having ample scope of growth for the right person.

Our Centrally Air Conditioned Plant which is located at Pithampur, near Indore, is the most modern and sophisticated one to ensure the best working conditions and great job satisfaction.

THE NEED

We are looking for a **FACTORY/PRODUCTION MANAGER,** to take complete charge of the Production and Technical Development; Cost Control, Maintenance and Administration.

THE PERSON

Self Starting, experienced and enthusiastic, Electrical/ Mechanical Engineer preferably with Management Qualification and conversant with most modern confectionery manufacturing plant including Form-Fill-Seal Machine, and Central Air Conditioning System. Comparatively fresh candidates may be considered for placement as Assistant Production Manager.

Remuneration no bar for a really deserving candidate.

Please apply in strict confidence to :

PANJON PVT. LTD.

'Panjon House', 577, M.G. Road, INDORE-452 001
Telex : 0735-237

ANIL PUB.

Leaders in shaving systems.
Two new shave creams.
One premium shave foam.
Many more to come.

GROUP/SR. PRODUCT MANAGER

B A N G A L O R E

Wiltech is looking for people man enough to manage its exclusive range of Wilman II Shaving Systems and Wilman toiletries.

Graduates from IIMs or other reputed management institutions with 2-3 years experience in product management in any reputed consumer company may apply. The best of terms await the right man (or woman!)

Apply within 10 days to:

General Manager – Marketing

WILTECH

A division of Asian Cables Ltd.
Mahalaxmi Chambers,
M.G. Road,
Bangalore 560 001.

RPG ENTERPRISES

Wilman

Touch of excitement.
Slice of action.
Cool smooth career.
A Wilman career.

M.ora Bir

HINDUSTAN BIO-TECH LIMITED

A joint venture company promoted by PICUP & DIAMINES AND CHEMICALS LTD. is implementing a project for the manufacture of life saving bulk drugs to be set up in U.P. near Delhi (within 100 kms). The company is looking for following key positions:

1. MARKETING MANAGER

The incumbent will be responsible for the entire marketing operations of Bulk Drugs including preparation of marketing policy of the company and achieving the corporate target of growth in the domestic as well as in export sales.

He should be well conversant with the marketing trend and will be in a position to advise the company regarding introduction of new products. He should be Graduate/ Post graduate in chemistry/ chemical technology and having about 10 years of experience of marketing Bulk Drugs in a company of repute. Diploma in marketing or MBA will be an additional advantage. Knowledge of import/ export policy & procedure is desirable.

2. PROJECT MANAGER

Incumbent will be responsible for total implementation of medium size Bulk Drugs project. Experience of initiating project from the grass root level, implementation of projects within quality, cost and time parameters is essential.Ability to coordinate with outside consultants and with other departments within company to achieve results is essential. Chemical or Mechanical engineers having 10-12 years relevant experience will be suitable.

3. SR. MANAGER (R&D)

Selected person will be responsible for R&D and Quality assurance activity of the company. He should be well conversant with latest development in the field of Bulk Drugs and will be responsible for the adaptation/ development of cost effective technology of the products. Training of plant personnel in implementation of GMP is an essential requirement.

M.Sc/ Ph.D in chemistry, having experience of guiding a team of laboratory personnel with about 10-12 years of relevant experience in Bulk Drugs units of repute are likely choices.

The company offers congenial work environment and excellent growth prospects for the result oriented candidates and attractive remuneration package will be offered to the selected personnel. Interested candidates may send their particulars in confidence to:

The Chief Executive
HINDUSTAN BIO-TECH LIMITED
N-141, Greater Kailash - I
NEW DELHI - 110 048.

ADVERTISING & PUBLICITY

BUYING & SELLING AGENTS & REPRESENTATION

MARKETING & SALES CONSULTANCY

CHALLENGING OPPORTUNITIES IN INTERNATIONAL TRADE

Our client is a professional multi-unit group with an annual turnover of over Rs. 25 crores. For its proposed diversification in various product lines in Foreign Trade, it requires outstanding persons

EXPORT MANAGERS

The selected candidates shall be dynamic result oriented professionals. Having 5-7 years of thorough experience in similar capacity in reputed export houses in either of the following product lines :

- **Leather Garments & Leather Goods**
- **Shoe uppers & Shoes**
- **Grey & Processed Fabrics & Madeups**
- **Readymade Garments & Knitwear**
- **Woven Carpets and Handicrafts**
- **Herbal Cosmetics**

Each export manager will be totally responsible for settingup, generating and executing new business. He would hold independent charge of his division and run it as a profit centre. Ideal candidates should have thorough knowledge of the product, markets and sourcing -- having good contacts with suppliers and buyers.

INCHARGE FOREIGN OFFICES

In order to provide impetus to its international marketing efforts the group also has ambitious plans to open offices abroad with RBI approval.

We are looking for executives who have proven track record in International Trading and have acquired at least 6 years' experience by working for a reputed organisation. Besides heading the foreign office, the responsibilities shall include generation of business enquiries, their follow up and getting them converted into orders by coordination with the HQ.

Full knowledge of dealing in one or more product lines mentioned above is essential. Experience of having worked in foreign offices, knowledge of foreign language shall be given definite weightage.

FASHION DESIGNERS, PRODUCTION MANAGERS, FASHION CO-ORDINATORS, DOCUMENTATION STAFF & STENOGRAPHERS

may also apply for absorption against future requirements.

The salary and perquisites would compare with the best in the industry and would not be a limiting factor for the right candidates.

Please apply with detailed resume, clearly mentioning your product line along with the post applied for.

ADVANCED CORPORATE SERVICES
7-B, Masjid Moth, Phase I, DDA
New Delhi - 110 048

PERSONNEL RECRUITMENT

WIMCO

WIMCO Limited is a multi-national Company having a diversified product portfolio with multi-locational manufacturing operations and is a pioneer in Safety Matches, Food Processing and Agro-Forestry. The annual turnover is about Rs. 120 crores. The Company is looking for

AREA SALES MANAGERS MATCH DIVISION
(Metros/Principal cities)

Selected candidates would be responsible for the marketing & sales of matches in their designated area. Other responsibilities include, formulating sales strategies, achieving sales targets, motivation & management of field sales force and maintaining good customer relations.

Interested candidates should be –

- Graduates, preferably with P.G. in Marketing Management from a leading management institute.
- Around 30 years of age.
- Having 3-5 years' experience in consumer product marketing, with suitable exposure to field sales management.

This position carries an attractive renumeration package, comparable with the best in the industry.

MANAGEMENT TRAINEES MARKETING MATCH DIVISION

Candidates must be graduates with a P.G. in Marketing Management from a leading Management Institute. Age limit : 25 years.

Selected candidates will undergo a one year on-the-job training. On successful completion, candidates will be absorbed in the managerial cadre of the company. Gross emoluments for the training period are around Rs. 3,000/- p.m.

WIMCO offers a congenial work environment & excellent opportunities for career growth.

Please apply in strict confidence, with your detailed bio-data superscribing the envelope with the post applied for, to :

The General Manager (Personnel)
WIMCO Limited
E-5, Local Shopping Centre,
Masjid Moth, New Delhi-110 048.

everest/d91/WL/55

STOVEC INDUSTRIES LTD.

NEEDS

1. WORKS MANAGER
2. QUALITY ASSURANCE MANAGERS

We are a multiproduct company in the business of manufacturing broad spectrum of products of international standards. We are market leaders in our specialised sphere of products and our products feature consistently in the export market.

This is an invitation to professionals of outstanding competance and achievements for following openings for our Screens Division Plant at Lambha (Ahmedabad) and PCB Plant, (Gandhinagar) manufacturing Electroformed Nickel Screens in collaboration with World renowned Stork Screens B.V. of Netherlands and Professional grade PCB in collaboration with Prestwick Circuits Ltd. of U.K.

1. WORKS MANAGER AT AHMEDABAD

The incumbent should be a graduate engineer preferably in Chemical Engineering with post graduation in Industrial engineering or business management below 35 years of age with work experience of 2-3 years at a Senior level in Engineering/Chemicals Industry in the areas of manufacturing process, production planning and control; with genuine interest in management of shopfloor operations and Inter-Personal relationships. He must be committed to achievement of production target and productivity improvements.

2. QUALITY ASSURANCE MANAGERS AT GANDHINAGAR AND AHMEDABAD.

We are looking for graduates in mechanical/chemical engineering or post graduates in chemistry with relevant experience in respective field in the age range of 32-35 years to initiate, introduce and monitor the systems to ensure zero-defect-quality products. The incumbent should have minimum experience of 4-5 years of Quality Assurance work with techniques of S.Q.C. and should be familiar with process of total quality management.

We believe in commitment to quality and development of our people with high expectations of their contributions and offer opportunities to work with a team of professionals and remuneration package comparable with progressive business houses in/around Ahmedabad. Please mail your resume with details of academic background, professional experience, salary drawn and expected alongwith a passport size photograph at the earliest to:–

THE VICE PRESIDENT (OPERATIONS)
STOVEC INDUSTRIES LIMITED
NIDC, POST NAROL,
NEAR LAMBHA VILLAGE,
DIST. AHMEDABAD - 382 405.

MARKETING CONSULTANT

preferably with Brewery experience

Colombo **Excellent Terms**

One of the largest Private sector organisations in Sri Lanka is looking for a Marketing Consultant with high acumen and a brilliant track record. Candidates with Brewery background will receive distinct preference.

The assignment is located in Colombo, Sri Lanka.

The period of contract will be one year. But this may be extended to two years.

Salary is negotiable, and will be no constraint for the really meritorious candidate.

At the same time, handsome perks will be offered to the selected candidate, which include:

- **Furnished accommodation**
- **Company-maintained vehicle**
- **Schooling for children**
- **Paid home-leave once-a-year with two-way air-tickets for the whole family**
- **Other general perks.**

Capable candidates may please apply in confidence within 15 days, with complete biodata and specific details of experience, superscribing the cover with "Marketing Consultant", to:

Sri Krishna Corporation
P.B. No.1286
85, George R D'Silva,
Mawatha, Colombo-13
Sri Lanka.

ABC's major specialisations include Corporate Consultancy

PRESIDENT

International Trading Company

Delhi **Rs 3 Lakhs + Flat + Car**

We have been retained by a large, fast growing, professionally managed **Industrial Group,** which is implementing new projects worth Rs. 800 Crores, to select a CEO for them. The group has built up a reputation in the world markets for quality products & timely deliveries. They are now planning a **major thrust to achieve export turnover of Rs 100 Crores by 1995** from present level of Rs 25 Crores.

The incumbent will be responsible for achieving the targeted export turnover by increasing exports from Group Companies and introducing non-company product exports. We are, therefore, looking for an outstanding export professional with **thorough knowledge of international markets,** desire to go globe-trotting, ability to identify potential markets, develop reliable vendors, capacity to form & manage a dynamic export team and sound commercial acumen to achieve targeted volumes & profit targets. Candidates should have around 15 years relevant experience out of which about 5 years should have been as a **head of merchant export operations** in a large export/trading house. Age Group 40-45. Code PIT/BPA/3073.

GENERAL MANAGERS

Delhi **Rs 2 Lakhs + Car**

They will work as **independent profit centre heads** for different product groups and will report to the President. Must be self-starters with exposure to international markets, vendor development, documentation and shipping. Should possess postgraduation qualification from IIFT/IIM with about 10 years experience in a trading/export house. Code GMIT/BPA/3074.

Please write to **B P Agrawal, Chairman** with detailed bio-data. Total emoluments will be competitive & negotiable and high performers could look forward to rewarding career prospects. All correspondence must be made through courier mail/speed post with respective job title & code.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700019, Phone 754947

New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

ABC's major specialisations include Corporate Consultancy

WHOLETIME DIRECTOR

Engineering unit

Tinsukia, Assam **Rs 2.5 Lakhs + House + Car + Perks**

We have been retained by a highly reputed & well established, professionally managed, profitable, Engineering Public Limited Company to select a Wholetime Board Director for their Tinsukia Plant. Current sales turnover is Rs 10 Crores and products enjoy **very strong Brand Image.** Total manpower employed is around 500.

The incumbent will have **total profit centre responsibility** involving full capacity utilisation, factory administration, government/public relations, growth & profitability. Key performance areas will be (a) Leadership & Motivation (b) **Commercial & Administrative Skills** (c) External Environment Management. We are, therefore, looking for a mature & senior executive in the age group 40-45 with high levels of commitment, energy & adaptability. Ideal candidate would have had experience of **managing a sizeable engineering unit independently.** He will be fully supported by competent functional managers.

Please write to **B P Agrawal, Chairman** with detailed biodata & telephone numbers. All correspondence must be made through courier/speed post and envelope & enclosures marked with job title & code WDT/BPA/3075.

ABC CONSULTANTS PRIVATE LIMITED
43/3, Hazra Road, Calcutta 700 019

New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

A large Industrial Group with diverse business interests (Turnover of group and associates over Rs.500 crores p.a.) requires a

VICE PRESIDENT (LEGAL)

(MS/4402)

Madras

Excellent top Management terms

The incumbent would be responsible for advising management on all legal & secretarial matters relating to the Group including drafting of collaboration agreements, trademark matters, licensing, company law, supervision of legal proceedings, direct & indirect tax matters etc. Skills in legal drafting and interpretation of Corporate and economic legislations would be called for.

The ideal candidate would be a law graduate with an ACS qualification and senior level experience. Excellent standing in the profession coupled with a proven track record of achievements in this field are essential. Practising lawyers with suitable experience will also be considered.

Preferred age: Around 40-45. Applications from ladies will be seriously considered.

Salary would not be a constraint for the right candidates.

Applications, which would be treated in strict confidence, should be sent within 10 days to:

A.F. Ferguson Associates
Post Bag No. 1261
MADRAS 600 034

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked with "MS/4402".

UPTRON

Requires **SENIOR MANAGEMENT PROFESSIONALS**

Uptron has emerged as one of the largest and most diversified electronics companies in the country having achieved a group turnover of over Rs. 200 crores. For its corporate headquarters at Lucknow, the company requires Senior Management Professionals for the following positions :

1. DIRECTOR (Finance) **GENERAL MANAGER** (Finance)

The position calls for assuming total responsibility of finance and accounting functions. The job responsibility includes formulation and implementation of strategies vital to company's financial health, project financing, working capital management, investment planning, tax planning and interaction with financial institutions.

The candidate should be an outstanding C A or M B A (Finance) or Cost Accountant with minimum experience of 20 years. For the position of G M (Finance), experience of at least 16-17 years is essential. For both the positions, the candidate must have 4-5 years of experience as head of finance and accounts functions preferably in an electronics/engineering industry.

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The company is looking for a dynamic marketing professional who should be an engineer and/or M B A having atleast 15 years of experience in companies dealing with consumer durables. The candidate should have proven track record of achievement of sales programmes in a highly competetive environment through judicious exploitation of market opportunities. He would be responsible for formulating marketing strategies and leading a team of marketing professionals at various sales offices for achievement of the required results.

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Qualifications: We are looking for BAs in Economics or Business, or Commerce graduates.

Please apply with a resume including full details of experience, education and present salary structure within 7 days to:

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Our clients — leaders in industries related to chemical, engineering, plastics and pharmaceuticals, are looking for bright candidates in the field of project engineering, field sales, marketing, finance, materials management and HRD. The openings range from level of management trainees upto the position of Divisional Managers and General Managers.

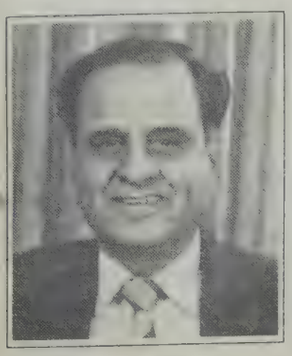
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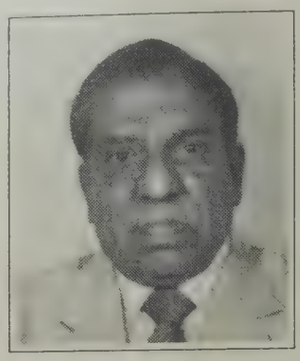
Post Box No. 9842, Bandra, Bombay - 400 050.



K.V. Krishnamurthy has been appointed chairman of the Indian Institute of Packaging.



H.J. Dave has assumed charge as executive director, operations, of Indian Oil Corporation's refineries and pipelines division.



R. Soundararajan has assumed charge as director, power, of Neyveli Lignite Corporation Ltd.



Ramesh N. Somai has taken over as president of Premier Auto Electric Ltd.

P.R. Raghavan has been promoted as executive director, marketing, of Steel Authority of India Ltd. **C.S. Mohan** has been promoted as executive director, growth division.

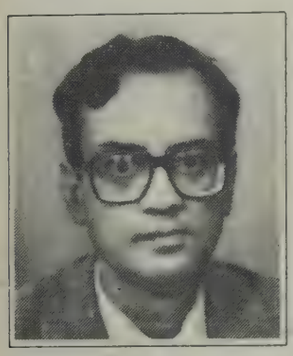
S.K. Gupta has taken over as chairman and managing director of MECON.

Vinayak Bapat has been appointed vice-president, finance, of IGE Ltd.

G. Mullick has taken over as general manager of Indian Oil Corporation's southern region. **N. V. Krishnamohan** has assumed charge as additional general manager, projects, of the refineries and pipelines division.

A. Tankha has taken over as manager, western India, of the Hongkong and Shanghai Banking Corporation.

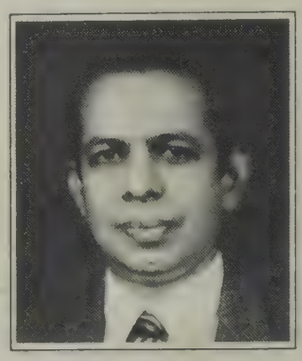
K.S.B. Sanyal has joined the UNDP as special adviser on private sector development in India.



Tapan Ghosh has joined Khaitan Hostombe Spinels Ltd as president, finance.



Kailash Mehta has taken over as chief executive of HMG Financial Services Company Pvt Ltd.



K.L. Kumar has been made officiating chief executive of Cochin Refineries Ltd.



Ravish Chopra has assumed office as deputy chief executive officer of the Hongkong and Shanghai Banking Corporation in India.

ASSOCIATIONS

Rajesh V. Shah and **K.K. Nohria** have been elected chairman and deputy chairman, respectively, of the Confederation of Enginering Industry, western region.
R.C. Bhargava and **Siddharth Shriram** have been elected chairman and deputy chairman, respectively, northern region.

Lalit Sangtani and **S.K. Choudhury** have been elected president and general secretary, respectively, of the Builders' Association of India.

J. Rakhecha has been elected chairman of the Jute Balers' Association.

Prakash H. Mahtani has been elected vice-president of the Indian Shoe Federation.

The touch of an expert



ama Bijapurkar, *34, is deputy managing director of the Marketing and esearch Group (MARG)*

ama Bijapurkar has mastered the art of rategic thinking. She needed to, being in harge of running Stratedge, the strategy upport division of the market research ompany. Stratedge offers an integrated pproach to formulating business strate- es for its clients considering both the xternal realities of the market place and he clients' internal strengths and priori- es.

With companies getting more market nd customer driven, Bijapurkar feels hat this is a logical extension of market esearch. As a freshly minted MBA from he Indian Institute of Management IIM) Ahmedabad, she stumbled into the ld via advertising, "the glamour end of he business".

Not for women. In 1977, she recalls, here were not many opportunities for omen seeking a career in marketing. In- eed, a number of campus recruiters ad- ed the postscript, "women need not pply." Then Lintas India, the ad agency here she worked as an account execu- ve decided to set up a research division – Pathfinders. This provided Bijapurkar ith "a seat of the pants experience", for, s she says, "the business was new and we ere new to the business". After four ears of such 'schooling', she teamed up ith three colleagues from the IIM Cal- tta to set up an independent market re- earch unit called Mode.

The next six years were devoted to uilding Mode Services into an 'A' league esearch company with "a problem solving orientation". Ironically, as the the third largest in the business, Mode was at that time a direct competitor to Marg. Eventually, Bijapurkar sold her stake in Mode and opted out of what she calls "the entrepreneurial niche".

She then entered into "a marriage of convenience" as research consultant with Hindustan Lever Ltd. "This was like entering a candy shop, every imaginable resource was available," she says. Here Bijapurkar began to work in an unusual area: analysis of competitive advantage. She distinguishes between competitive analysis and competitive intelligence. The latter is tactical in nature, while the former implies trying to understand what makes a competitor's business tick.

It wasn't long before the service business with its wider canvas of different products and client companies began to lure her again. When the MARG offer came along, what attracted her about her old rival was that the company had evolved from its entrepreneurial phase into the institutional building phase.

Starting up an operation. She joined as director with the corporate responsibility of a start-up operation — the new strategy division, Stratedge. Ten months later she was elevated to deputy managing director. This was shortly after a mass exodus from MARG's qualitative research division, Quest. Bijapurkar, however, insists that Quest contributed as much to the total kitty in 1990-91 as last year.

Bijapurkar sees the market research business as that of decision support and not just data supply. She would like to ensure that MARG doesn't forcibly fit its technology to their clients' needs. All this, of course, means that she has little time for other interests. "The line between the office and home is a little blurred," she admits. What she has conscientiously found time for in the past five years is her teaching assignment at her old alma mater — IIM where she is a visiting professor.

More recently, at the annual seminar of the Market Research Society of India, her paper was judged the best. But Bijapurkar shrugs modestly, "I've been lucky because people have been willing to chance me with an open brief." Perhaps they were just comfortable about being in expert hands.

■ NAAZNEEN KARMALI

FRONTRUNNERS



In nine years, **Tarun Saigal**, 32, has risen from the position of a management trainee to that of chief dealer, foreign exchange & investment banking division, Grindlays Bank, Bombay. A commerce graduate from Calcutta University, Saigal had joined the bank in 1982. After one year's training, he became an assistant account manager.

In 1985, Saigal was transferred to Bombay and put in charge of the treasury. Two years later, he helped to set up the treasury in Madras. Now that he has been promoted to the post of a senior dealer, the entire overseas dealing of the bank comes under his purview.

Managing the foreign currency risk of the bank is not easy, he feels, but it is certainly challenging. "One has to take quick decisions as things change by the minute," Saigal says.

— M. S.



Partha Mukherjee, 32, rural market development manager at Colgate Palmolive (India) Limited, is in charge of developing a market for Colgate's products countrywide. His duties include creating a new market as well as enlarging the existing marketshares. "The potential for growth in the rural market is huge — much larger than in the urban market," says he.

A graduate of IIT Kharagpur and IIM Ahmedabad, Mukherjee started his career with Voltas in 1981, from where he moved to Colgate as product manager in 1986. Two years later, he became senior product manager in charge of dentifrice products. His ascent to the present position took place early this year.

Mukherjee also teaches consumer and marketing management at K.C. College of Management Studies, Bombay. Swimming, tennis and football takes care of his spare time.

— S. A.

The beginning



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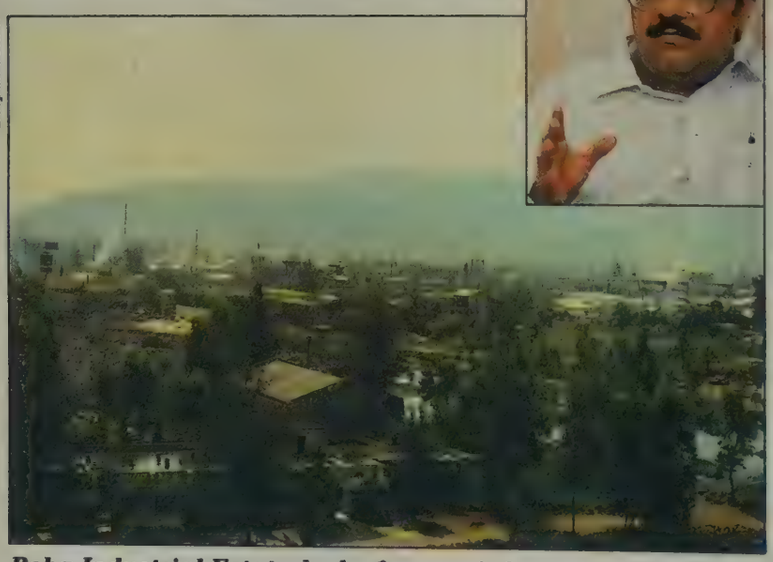
ROHA

Dream turns nightmare

It was meant to be a window to Maharashtra's industrial progress. Twenty five years later, the chemical zone at Roha — the first of its kind in the country — is turning out to be an embarrassment for the state government. The reason: the Roha industrial estate is beset with a host of problems.

As a result, out of the 50 units originally promoted, 17 are on the verge of closure and the remaining healthy companies prefer expanding in other industrial zones. Members of the Roha Industrial Association (RIA) — who claim to have been promised the moon by the State Industrial and Investment Corporation of Maharashtra (SICOM) and the Maharashtra Industrial Development Corporation (MIDC) — are crying foul. Says B.V. Gandhi, RIA's honorary secretary, "We had pinned so much hope on this zone. But we have been badly let down by the government."

Located 150 kms away from Bombay off the Bombay-Goa highway, the industrial area at Roha has been developed by MIDC over 240 hectares of land. The location was ideal: equidistant from Bombay and Pune. In order to attract business houses to this virgin land, SICOM offered a number of incentives like interest-free loans.



Deepak Tolani

Roha Industrial Estate: lack of proper infrastructure and (inset) *: B. V.Gandhi*

The first to bite was Pune-based Sudarshan Chemicals which set up a pigments plant over 84 acres in 1974. Soon others followed: Excel Industries, Colour-Chem, Bombay Dyeing, Caprihans, Dharamsi Morarji, Wellman Industries and Nirlon Limited, among others. In all, these companies have invested about Rs.150 crore into the zone with their collective turnover reaching Rs.250 crore. Yet, they bemoan the lack of proper infrastructure.

Just as it had promised, MIDC has made arrangements for plentiful supply of water, the Kundalika river nearby being an ideal source. But the units are not happy about the power supply position. "There are many power fluctuations and when the voltage drops below 440 volts, we have to switch off many of our machines," says Vasant Rathi, resident director, Sudarshan Chemicals.

MIDC has also slipped in one other area, so very vital for chemical industries: collection of effluent and its disposal. MIDC has laid a grid of underground pipes for collecting effluents treated by the individual companies. The effluent is stored into a common tank and then disposed off into an estuary of the Kundalika river at a point 8.2 kms away.

However, the cast iron pipe carrying effluents over this long stretch has worn out due to age with a new pipeline expected to have come up by June last year. The problem is in the 200 metres length of the pipe which runs under land owned by local politicians in Roha village. These politicians have apparently stalled the implementation of the line. Sources in SICOM say that the pipe will be diverted through another route by arranging a loop around the disputed area.

Another major handicap is lack of proper transport facilities. The condition of roads being what they are, the slow movement of raw materials and finished goods to and from the markets eats into precious production time. "As a result of the transportation bottlenecks, we suffer a lot when a machine breaks down and we have to go for spares," says S.D.Vaidya, general manager at Colour-Chem's Roha works. "Thus, the downtime on my 30-year-old plant at Thane and this 10-year-old plant at Roha is nearly the same."

Solutions exist

The transportation problem could have been sorted out through a proper railway network. But there are only two trains every day on the single track between Roha and Diva, three hours away on the main line. RIA members hope that when the rail line is extended upto Mangalore, there will be much more activity on the network. But when that will come about is anybody's guess.

If transport is difficult, telecommunication is a nightmare. The companies have been crying hoarse for an STD link but to no avail. The only way to reach the outside world is through lightning calls, each of which takes about three hours to materialise.

The RIA members are also peeved about a number of other issues. The major ones among them.

- Difficulty in getting skilled labour.
- Payment of electricity bills at Pen, 50 kms away.
- A fire station without any fire officer.
- The Sanjay Gandhi Hospital lying closed for the last two years due to administration problems.
- A police station manned by only two constables with one of them a trainee on deputation for a year.

It is for these reasons that even though it has about 10 acres of vacant land on hand, Bombay Dyeing does not have any plans of expanding in Roha. Sudarshan Chemicals is setting up its new pigments factory in Mahad. A few others are contemplating shifting to Lote Parashuram, 130 kms away but which boasts of facilities like telex and STD.

Those who have no option but to stay behind are now becoming a bit philosophical about the whole thing. "Let's forget what's happened here and pray that the newer industrial zones do not end up with our kind of problems," says a disgruntled Roha-based industrialist.

But that is no solace for the many others who have invested heavily in this area, only to find that the dream they had hoped to share with the governmental agencies has turned into a nightmare. ■

RAJU BIST



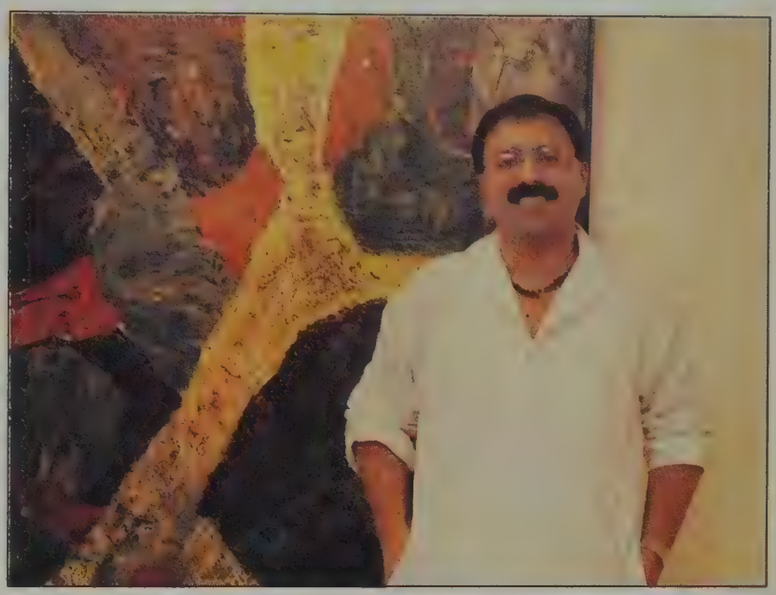
Many successful industrialists turn to politics these days. K.K. Birla and Kamal Morarka are good examples. Joining their ranks is **O.P. Jindal** (of Jindal Strips, who is setting up a steel plant at Daitari). He is running for the Hissar assembly seat in Haryana in the forthcoming elections. The ticket has come from the Haryana Vikas Party floated by Bansi Lal. And by the looks of it he seems to have a good chance of getting elected.



What is a prominent foreign bank doing with Indian classical music? **R.J. Edgar**, chief executive of ANZ Grindlays explains his bank's sponsoring of "Kala Sangam", a three-day programme of Indian classical dance and music, thus: "This is to identify ourselves with India." The bank pays for the artistes' fees (past performers have included Bismillah Khan, Bhimsen Joshi, Kishori Amonkar and Amjad Ali Khan), and the collection from the ticket sales is donated to a charity organisation. Adds Edgar, "We have been in India since 1854 and believe that the heritage of Indian classical music and dance requires to be nurtured."



"It is not my advertising side which brought me to Madras," says **Ola Ronngardh Larsson**, business development manager and a member of the board of Saatchi and Saatchi Laurent Business Communications, Stockholm, Sweden. Then what was he doing in Madras? Talking to motorcycle manufacturer Enfield about the possibility of using the company's rugged Bullet 500 to tour India. Larsson and 10 others would like to travel all over the country around December. "I think India will be a very interesting country to tour," says Larsson, who is on his first visit here. "I want to encounter something new. It will help me in my own work to relate more to the big wide world."



The Bombay-based *Midday*, *The Independent* and *The Illustrated Weekly* will soon carry copies of *Connoisseur*, a four page monthly tabloid devoted to the fine arts delivered free of cost. And readers will have to thank **Ashish Nagpal**, owner of Bombay's Hotel President and one of the biggest art dealers of the country. "I want to spread art awareness and hence I am distributing the bulletin gratis," he says. Nagpal's other plans include the setting up of "Classic Source", an "art-for-investment" shop aimed at the middle class buyer. At this outlet, paintings priced between Rs.1,500 and Rs.7,000 will be sold.



Phiroz Wazifdar, proprietor of Studio Windsor in south Bombay, is emphatic that his paintings are not fakes but "re-creations". The studio sells reproductions of old masters like Rubens, Rembrandt and Botticelli, each costing between Rs.8,000 and Rs.33,000. Today, with a large order bagged from London and a possible Australian deal, the architect turned art enthusiast is sitting pretty. Says Wazifdar, "If we have sold a Mona Lisa in Bombay, we will never sell another Mona Lisa in the same city." The reason: "In this way we are able to control our quality."

How to think positive when there's no power.



Thermax invites you to switch to steam-operated vapour absorption machines.

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Our vapour absorption machines aren't powered by scarce, costly power. (A godsend in the worsening energy crunch.) So you can put your power to productive use. And for process and space cooling, use our machines. Thermax has already installed over 23,000 tonnes of steam-operated refrigeration capacity in three years!

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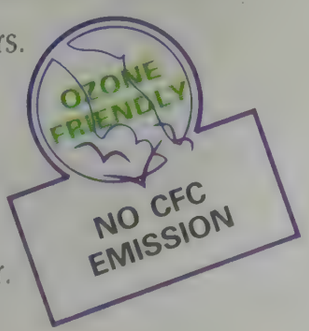
Since our machines operate on waste heat or live steam (even steam at 0.5 kg/cm^2 g will do), they work out to be extremely cost-efficient. In fact, they save 30% energy on every ton of refrigeration capacity. You also get the option of generating steam through a wide variety of inexpensive fuels like bagasse, coal, wood, husk, etc. The benefits of negligible maintenance. (No moving parts). And the relief of noise-free operation.

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"We have the confidence of our capability"



The Jawaharlal Nehru Port Trust (JNPT), set up at Nhava Sheva on the mainland across Bombay's harbour to provide state-of-the-art facilities for bulk and containerised shipping cargo, has yet to take off after two years of operations. The JNPT chairman, Vice-Admiral R.P. Sawhney, talks to Sekhar Seshan of Business India *about the hi-tech port's teething troubles and its prospects*

There don't seem to be many workers around. Why?
Our high level of mechanisation ensures that we have only three people to do the work of 30. The manpower bill at Bombay port accounts for 55 per cent of the revenue earning; in my port, it is only seven per cent.

How does this measure up to the government's professed commitment to providing more jobs?
Right now, we have about 1,200 employees. But the potential for indirect employment is phenomenal — the discharge rates from our bulk silos for foodgrains, fertilisers and sulphur can be up to 1,200 tonnes per day, which means 500 trucks being loaded every day and 14 trains every month.

What about the local people affected by the setting up of the port?
We have employed about 500 PAPs (project affected persons). We have also spent Rs.2.6 crore on rehabilitation works. And though the law says that all rehabilitation is to be done by the Maharashtra government and we have only to pay the district administration, we have even given monetary grants to provide technical training to PAPs.

Are you doing anything to protect the environment that has been degraded by construction and other activity?
We have allowed Rs.8.6 crore for the greening of this area over five years. I am also in dialogue with the state government's social forestry department to cultivate mangroves around the port. Of the 2,400 hectares we have, 800 hectares are supposed to be greened by us; our scheme is being monitored by the environment department very closely. This is going to be one of the most beautiful ports in the world!

Will your performance be as beautiful?
In the year which we have just finished (1990-91), our turnover of bulk cargo has been remarkably high. We had a target of 1.1 million tonnes for finished fertilisers and raw materials, but achieved 1.3 million tonnes. This was an improvement of 338 per cent over the previous year — mind you, with only 50 per cent berth occupancy. For our container terminal, unfortunately, we have not done as well: we had set a target of 1.44 million tonnes, but achieved only 600,000 tonnes, with 18 per cent berth occupancy. But even this was 62 per cent more than last year's figure.

Considering the poor performance in 1989-90, improvements over those achievements do not mean much. What does the future look like?
In the first year of operation, the port's capacity itself was not up to the mark. Also, you must realise that targets are based on so many situations, like the import-export policy ruling out foodgrains imports means zero achievement at my bulk terminal. The planned targets for 1992-93 are three million tonnes of bulk and 2.75 million tonnes of container cargo. As per our existing trends, we are reasonably sure of being able to achieve this; or at least have the capacity.

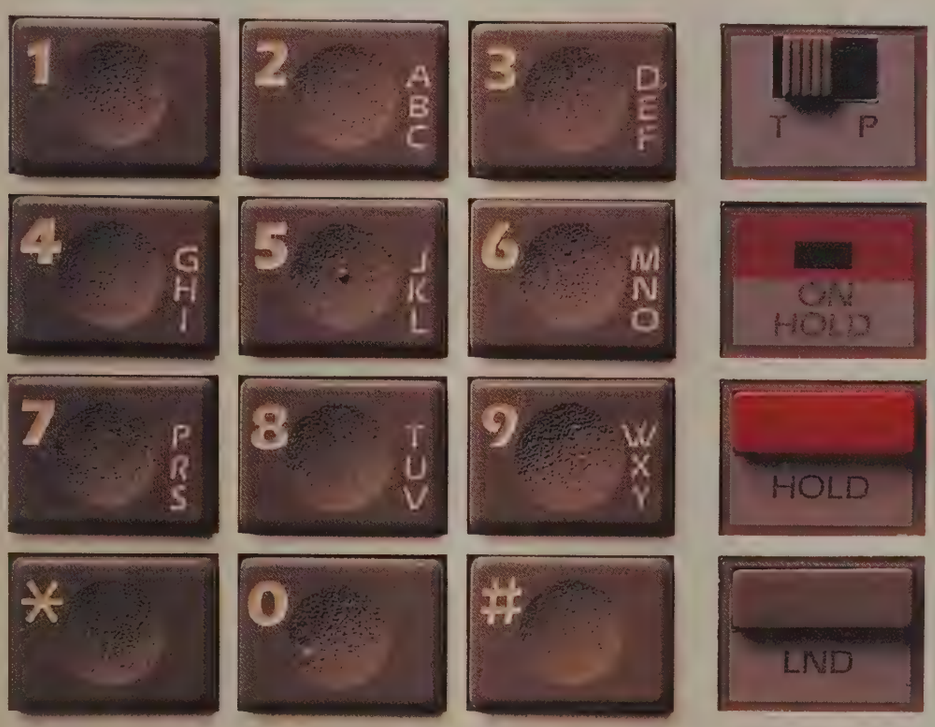
What exactly are you doing to ensure this?
The first thing is, you must have a good commodity to sell. Our container terminal today is performing at a level which is definitely comparable with Colombo, though Singapore is better. We are four times better than Bombay port, though that's not saying much. We will go in for aggressive marketing because now we have the confidence of our capability. Recently, four shipping companies have come to us; I'm expecting another three. One thing is for sure, we will never be accused of not doing our best.

You seem to be facing resistance from middlemen who are wary of shifting from Bombay because they will lose their scope for underhand transactions. How will you tackle this?
This port is absolutely oriented towards the customer. There is no hanky-panky. So, yes, some of the clearing agents are reluctant to come here. My strategy is to get as many lines operating as possible to Europe and the West — once I achieve that, they will have no choice.

How much will the proposed relaxation in the Cabotage law help JNPT?
It will give us a tremendous boost. The law was introduced to protect Indian coastal shipping, which was planned to grow to 26 million tonnes by the end of the Seventh Plan period, and 48 million tonnes under the Eighth Plan. Unfortunately, the growth hasn't been enough. Today, Colombo and Dubai get 35 to 40 per cent of their container traffic from Bombay, Kandla and other Indian ports for trans-shipment. JNPT is capable of handling this, because we have the draught to take bigger ships of up to third-generation container carriers, which no other port on the west coast can. Foreign lines want adequate business, in a time-bound programme. Their ships move like express trains, they want guaranteed schedules and loading rates. We have the capacity to handle 24 containers an hour, and can load or unload a ship in a fraction of the time other ports take. But there is not a single Indian shipping line capable of shifting containers along the coast.

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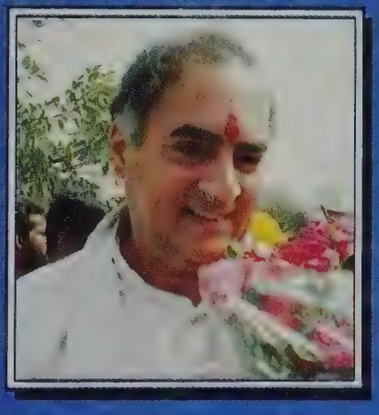
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ELECTION '91

RAM



STABILITY



MANDAL



... but what about the economy?

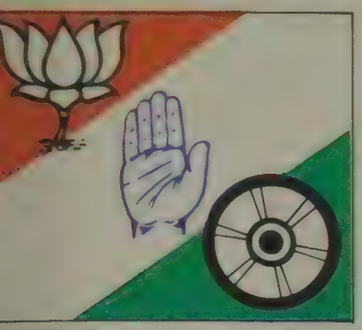


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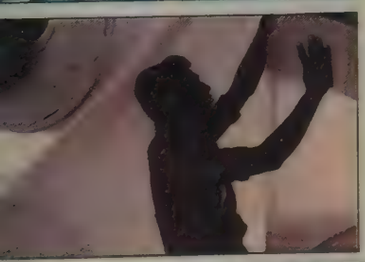
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With effect from the issue dated 27 May 1991, Business India has been compelled to revise its cover price from Rs.8 to Rs.10. The subscription rate (in India) has simultaneously been increased to Rs.205. We were compelled to take this decision in view of the constant increases in production costs, particularly the cost of paper.

We hope our readers will bear with us. Business India, of course, continues to offer its readers excellent value for money.

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LETTER FROM THE PUBLISHER

In the early hours of Thursday, 9 May, Hotchand Gopaldas Advani passed away suddenly but peacefully. It is always difficult to write about a person close to you, particularly immediately after his death. But for me he was the single most important influence.

If asked to set out, in a few words, what were the values he stood for, I would say integrity, service to society, selflessness, the innate goodness of individuals, caring for individuals and austerity and simplicity. And it was clear to all that he lived by these values.

As a lawyer at the Bar, this sense of values was transparent. He passionately believed in the courts and was always confident that ultimately justice would be done. It was this respect for the judiciary as an institution that kept him working at his profession right till the end.

It was these values and beliefs that also led him into a wide variety of social activities. But the colleges he helped set up were his priority. He believed that knowledge and hard work were the foundations for progress and the upliftment of society. He also fundamentally believed in institutions and not the projection of individuals.

It was this broad social vision that allowed him to interact constantly with every grouping within the Sindhi community. Yet, despite being respected by all sections of the community, by whom he was affectionately referred to as *Dada*, he rose above the communal or parochial.

As a student of history, he would put individuals and events into a larger and more long-term perspective which allowed for an objective view. If you spoke to him in terms of years, he spoke to you in terms of decades. If you spoke of decades, he spoke of lifetimes.

Finally, his view on life was governed by a deep and abiding spirituality.

This is a legacy he has left behind.

My two brothers who are partners and my colleagues share these sentiments.

Ashok H. Advani

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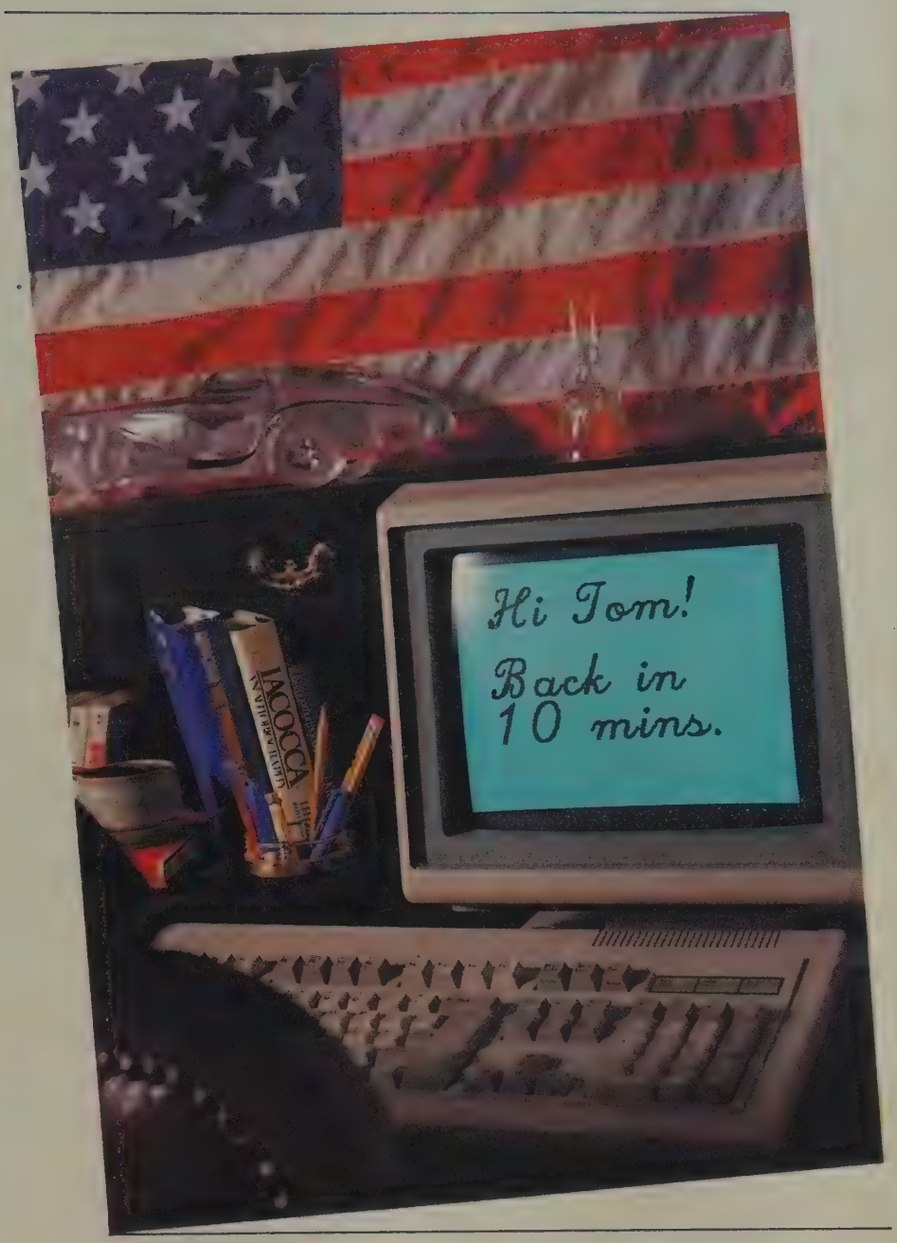
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• Net tightens

In your editorial on Rep Licences (15 April), a half-baked analysis on the subject shows a lopsided picture of foreign exchange racketeering. It is good that the RBI has finally tied up Rep Licences with bank certification requirements. Non repatriation of export proceeds is a growing menace. RBI should lay down stiff guidelines for quick feedback regarding payment for goods exported within six months so that culprits are nabbed before they exhaust cash compensatory support and other export incentives. Now, with RBI forcing Rep Licence users to obtain a bank certificate to show that export proceeds have been fully repatriated, the net has been tightened.

NAZAR KRISHNAN BAKSHI
Bayana

• Unfair to the readers

Business India has reduced the space allotted for publishing readers' views — 'Letters to the Editor' — to one page. As one of the few national-level magazines which provides an outlet to readers' views, it is sad that you have reduced the space.

V. MOHAN RAO
Warangal

• Not foreign

This refers to 'Competition in store' (Economic Outlook, 18 March). Please note that the institute mentioned in the penultimate paragraph of this article is the National Institute of Fashion Technology, New Delhi and not foreign technology as mentioned therein.

MALINI THADANI
Delhi

• Whither "concern"?

I feel that, unions need to be treated like children (Labour, 18 March). They should be given enough freedom to develop themselves, but at the same time, on certain issues, they must be carefully guided.

With reference to the TISCO model, we must remember that industrial relations in TISCO was inspired by the vision of Jamshetji Tata, who emphasised the need for a "genuine concern for employees" in an organisation. This is a concept missing in most Indian organisations today, creating an atmosphere of labour unrest. The responsibility of indicating the value of "genuine concern of employees", no doubt, lies with the person at the apex of the organisation who must realise that mere gimmicks do not pay.

SHABBIR MERCHANT
Faridabad

• Commendable

It is refreshing to see that the International Management Institute (IMI), Delhi, was set up to cater to the needs of the growing number of professionals who couldn't go in for a two-year MBA course (Institutions, 18 March). Though expansion is limited due to inadequate funding, its international eye-catching debut is commendable.

If an expansion drive is in the offing, establishing an IMI in Bangalore or Madras could be highly beneficial to the managerial force in the south. The present curriculum could also include a few seminars on the psychology and behavioral process of workers and employees amidst changing corporate strategies.

PRIYA GEORGE
Kollam

• Overcoming the forex shortage

In his article 'The golden solution' (Economy, 4 March) Sudhir Mulji suggests that the government insists on fixing the price for the purchase of foreign exchange, obviously lower than the free-market price. The consequence of this policy is that the economy is permanently short of foreign exchange and liquid assets while, on the other hand, bullion continues to be smuggled into the country.

My suggestion is that first, foreign exchange be purchased from NRIs at 10 per cent over the fixed rate. Second, export earnings be converted at 7 per cent above the fixed rate. Third, exchange released for imports be at 15 per cent above the fixed rate (as in case of the FTS scheme). And finally, bullion be allowed for import by licensed dealers at a premium of 15 to 20 per cent over the international prevailing rate.

Suresh B. Shivdasani
Pune

• Better, not bitter

The item 'Shakti's bitter pill' (Listening Post, 7 January) giving details about efforts made by Shakti Sugars Ltd to secure the three ailing sugar mills on lease from the Orissa government is totally incorrect.

Shakti Sugars signed an agreement on 9 January 1991 with the Orissa government to take over on lease the Baramba Co-operative Sugar Industries Ltd at Barambaghaur in Cuttack District, Orissa, on terms advantageous to both. The Baramba Co-operative was incurring losses since its inception because of inefficient management and inadequate supplies of cane.

Under the arrangement, the state government will be in a position to repay loans taken by the Baramba Co-operative with interest and also make a profit in the bargain. It is therefore not correct to state that it will be incurring a loss of Rs.9 crore just because it will be getting only Rs.13 crore in 10 years against the total cost of Rs.22 crore in interest and depreciation. Actually, there is a provision in the agreement for scaling down payments in the event of the government getting Rs.22 crore even in seven years through Shakti Sugars managing to increase the quantity of cane crushed in a season substantially in the next three or four years.

What is more, the state government will be assured of a definite income which will increase with the quantity of the cane crushed. The development of cane cultivation in the area will benefit farmers and workers in the factory will have an assured income.

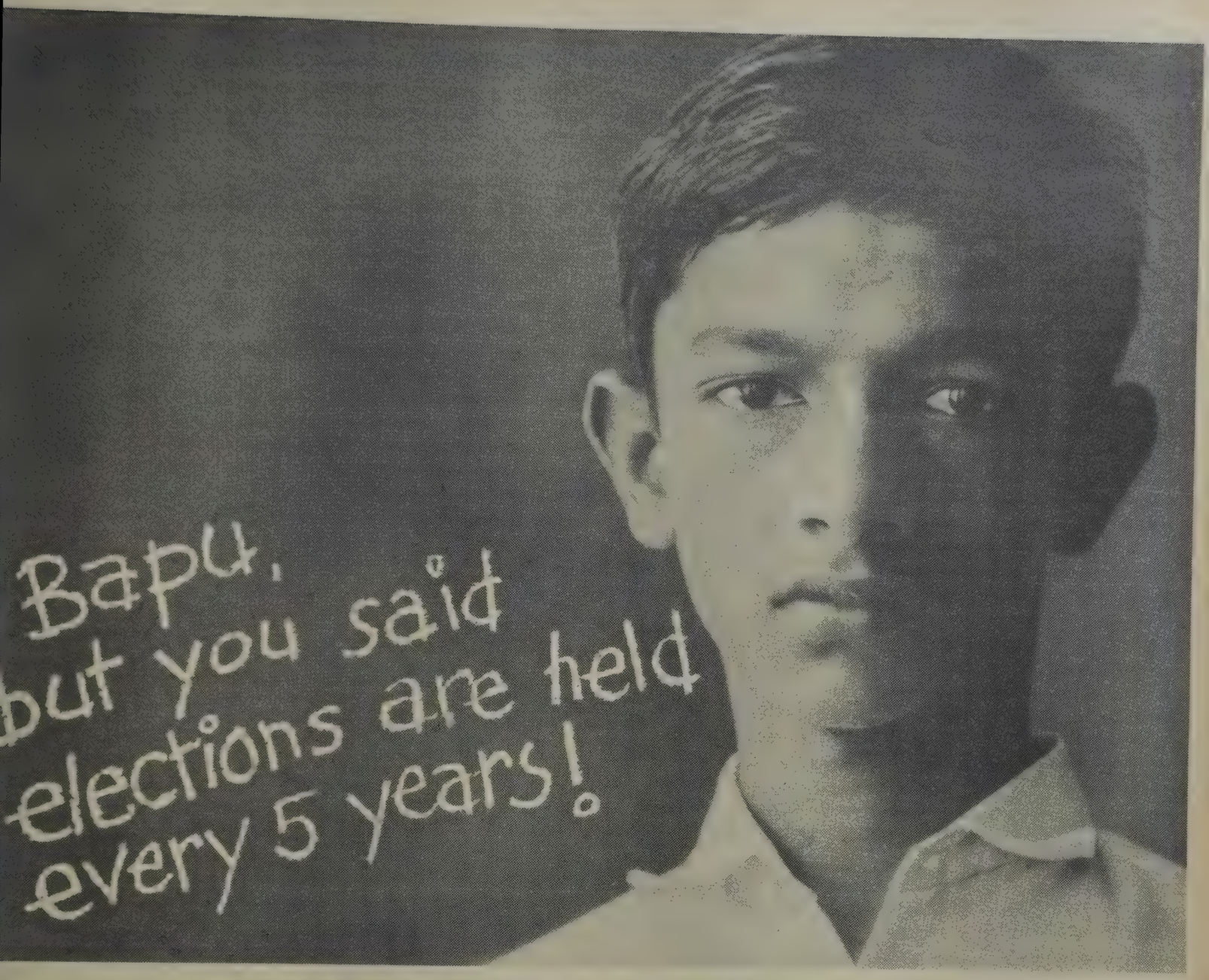
C.S. MAHADEVAN
Madras

Nagesh Rao replies: The item was filed before the signing of the agreement between Shakti Sugars and the Orissa government, by virtue of which it took over the sick Baramba Co-operative Sugar Industries on lease.

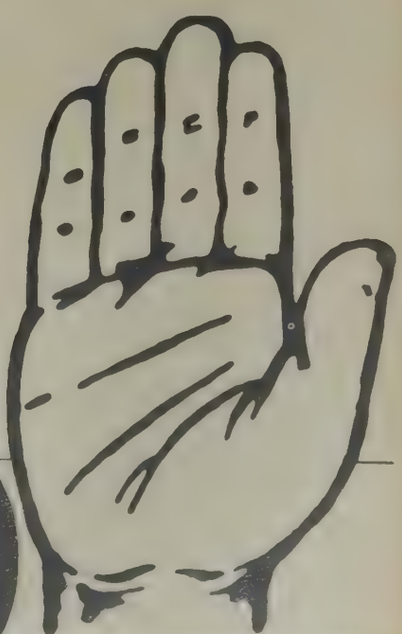
The fact is that Shakti Sugars was keen on, and in fact actively lobbied for, the takeover of all the three sick co-operative sugar mills at Baramba, Nayagarh and Bargarh. The state government did not respond favourably to this; hence the Nayagarh Sugar Mills was given on lease to Dharani Sugars Ltd.

In fact, a section of the ruling party politicians, in tandem with some state government officials, had bypassed the high-level committee set up to finalise the deal with Shakti Sugars. But a rival group of ruling party politicians pointed out to chief minister Biju Patnaik the "liberal terms" on which the sugar mills were being leased out to Shakti Sugars. The CM, in turn, asked the management of Shakti Sugars to come up with fresh proposals. It was then that official sources pointed out that the earlier terms had left out other depreciation costs, interest and state government investments in the Baramba Mill and computed that the state government would be losing about Rs.9 crore.

After all this hue and cry, the present terms, referred to in the letter above, were evolved and the agreement with Shakti Sugars finally signed.



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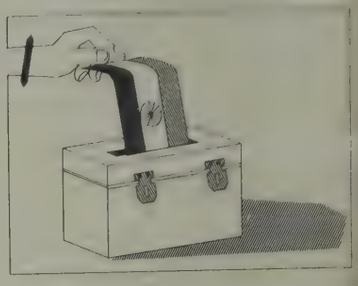


VOTE STABILITY

VOTE CONGRESS (I)

Issued by The General Secretary (Incharge Publicity), All India Congress Committee (I) 24, Akbar Road, New Delhi

A passionless election



The common — often hopeful — refrain is that election fever is picking up. In fact, it is still remarkably low, unlike the passionate elections of 1984 and 1989.

No issues and no passion imply an uncertain outcome. Bookmakers who predicted an outright Congress majority just six weeks ago and a demolished BJP have since modified their odds in favour of a hung Parliament and a significant presence for the BJP. This probably reflects the well-known "underdog syndrome" with no basis for either the old or new predictions. In other words, the outcome remains as uncertain as it was six weeks back — except for the minor certainty (in the minds of the press, at least) that the ruling party (the SJP) is irrelevant, a fact which has led the SJP to take a detached view of the elections, knowing that these do not concern it in any way.

All this is a fundamental change from the past. Since at least the early seventies, the Congress has been the party of power brokers. In other words, every vested interest, be he rich industrialist or sugar baron, slumlord or coal mafia don or community priest, all were accommodated in proportion to their power bases. In this way, all the powerful people came together under the Congress banner and swept the elections by exercising their power to gather votes. In this way, the Congress won almost all the elections held so far, the only defeats occurring when the masses were aroused by particularly prominent social issues.

While the masses are cool, the politicians are more aroused than ever. V.P. Singh and the BJP, in particular, are articulating social issues that they hope were buried deep within peoples' psyches and will now surface sufficiently enough to change voting patterns. One result has been an extraordinary circumspection on the part of politicians to the possible sensitivities of the population. For example, we have the situation where a well-known social critic gets lambasted for his views on a particular person — although at the same forum, an equally well-known critic gets away with calling a whole section of the minorities "extraordinarily stupid".

Why is the passion less this time around when communal and caste divides have caused thousands of deaths all over the country over the past five years? The answer is obvious from every opinion poll: these consistently show that the issues that matter most to the silent majority are prices and jobs. Communal and caste divides matter only to politicians and are often issues created by them.

Yet, the economic issues of prices and jobs are dealt with only casually on the campaign trail and in an often contradictory fashion in party manifestoes. It should be obvious to even the casual observer that the campaign continues to be populist and emotional, not for the common man's understanding and certainly not for posterior reckoning.

In other words, all political parties with the exception of the SJP which, being irrelevant, can afford to be honest — thus still persist in trying to sell the fiction that under their rule it will be happiness all the way — the "all-gain-no-pain" situation. It is doubtful if the electorate will buy this line.

The results of this election could well convince politicians that the electorate has undergone a transition from responding to slogans to responding to issues. This may mean a hung Parliament in the short-run but over the long-run, it would be a welcome change. What we need are less passionate elections and more dispassionate decisions.

Of dubious behaviour, rainy insects



The Supreme Court judgment on the Larsen & Toubro mega-issue case illustrates two fundamental weaknesses of our capital market system in protecting the public's interest. The first relates to the role of the Controller of Capital Issues (CCI) and the second to the role of the public financial institutions. The CCI speedily approved a Rs.920-crore mega-issue (later reduced to Rs.820 crore) of Larsen and Toubro in 34 days in late 1989. It normally takes at least two months to approve larger issues, and this was the largest yet. Defending its role, the CCI argued in court that its responsibilities do not go beyond ensuring that the approved issue is not so patently impracticable nor so financially risky as to amount to a fraud on the public. This it did by insisting that the utilisation of the funds should be with the approval of the IDBI. Second, and somewhat oddly, it obtained an undertaking from the Reliance group that after receiving the suppliers' credit for Reliance's gas-cracker project (for which the bulk of the L&T funds were raised), they would not raise this amount from the market a second time around.

This undoubtedly negative role of the CCI was one that the Supreme Court had itself supported in 1989 in response to a challenge to the Reliance Petrochemicals Rs.594-crore issue, noting further that "to require that the CCI should probe in-depth into the technical feasibilities and financial soundness

of the proposed projects (for which the funds will be used) or the sufficiency or otherwise of the security offered ... may be to burden him with duties for the discharge of which he is as yet ill-equipped".

Even within its limited purview, the CCI failed on two counts. As Justice Kasliwal observed, the intention of the issue was to siphon an amount of Rs.635 crore out of the issue of Rs.820 crore for funding the turnkey projects of the Reliance group. This, he noted, "was worth noticing by the CCI at the time of granting consent", something it did not do. The second job it did not do but should have was to "see that the capital available for investment at any given time (was) sized and allocated according to the national priorities, and in the changed socio-economic conditions of the country to secure a balanced investment of the country's resources in industry, agriculture and social services." Given the need to look at such complex social objectives along with the noted limitations of an omnibus body like the CCI, it is better, therefore, to have an organisation like the proposed Securities and Exchange Board of India that is dedicated to protecting the public interest to approve public issues.

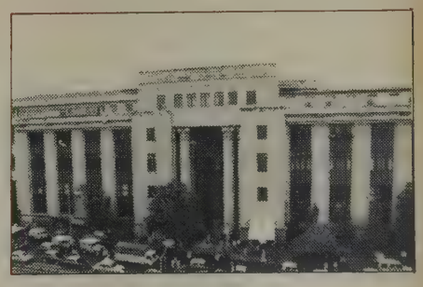
The public financial institutions equally failed in their role as protectors of public interest. As Justice Ray observed, "the manner in which the financial institutions (UTI, LIC, GIC) sold those 39 lakh equity shares of L&T ... leads to the conclusion that such (a sale) had been made to help the Ambanis to acquire the shares of L&T in a circutious way... All these circumstances taken together clearly spell some doubt whether the transfer of such a huge number of 39 lakh shares by the public financial institutions was for public interest and was made on purely business principles".

Justice Kasliwal is even harsher on the role of BOB Fiscal Services Limited, another public sector financial institution. Noting that Bank of Baroda's chairman, Premjit Singh was closely linked to the house of Ambanis through his son, Harinder Singh, who owns a company whose only business is the texturising of partially oriented yarn of Reliance Industries under a buyback arrangement, he added, "... one (can) draw a legitimate inference that BOB Fiscal was brought into existence merely to act as a conduit and was merely an interloper to affect the transfer of 39 lakh shares of public financial institutions in favour of Ambani group and their satellite firms. It came into existence like a rainy insect and lived out its utility after acting as a conduit..."

It is not difficult to see why the institutions failed. Large financial institutions have enormous power in determining resource allocations. When that power is usurped by politicians, the result is as above. Our government has argued that by centralising financial muscle with public financial institutions and by requiring capital issues approval by a public body, the types of scams that Milken joined with financial institutions to perpetrate in the United States can be avoided.

The truth is the reverse. It is easier for a politician to usurp the authority of a financial institution that is publicly owned because its management is bounden to the government for every aspect of its existence. The independendence of such institutions is a myth. Like a dictatorship, a centralised publicly controlled financial system requires an almost impossible level of integrity at all levels if it is to work. Dilution of government control, and not just partial divestment, is the sensible solution.

The 36.5 per cent industry



RBI's much expected announcement of a hiked incremental Cash Reserve Ratio — the percentage of new time and demand deposits that banks must deposit with the RBI — came 20 days after its credit policy which sought to control liquidity growth through a mix of price controls and credit rationing. The new measure, in contrast, impounds about Rs.2,000 crore of liquidity from the system.

A "bold stroke to curtail demand", indeed, as the RBI would have it. But is the banking system an animal at the chopping block to welcome such bold strokes which mean that for every additional rupee deposit, a bank gets to use only 36.5 paise? Already, unable to compete with other attractive investment avenues, such as equity-linked schemes for which no such ratios apply, the new measure will further damage its health.

Also, the banking industry's incentive to collect deposits will be affected, and it will turn to other avenues over which the RBI has no control.

The effectiveness of the RBI's measure will thus be reduced, given the huge liquidity outside its purview. Nevertheless, the effect of all the RBI's liquidity reduction measures over the past two months — hikes in import cash margins, higher lending rates, lower food credit deposit ratios and, now, the incremental CRR hike — will be less credit for industry.

The RBI could have been more sensible. Given the comfortable food stocks position, could not food credit have been controlled? Instead of being tough only on opposition state governments for exceeding their overdraft limits, why not be equally tough on the Centre — which, all said and done, is the root cause of the problem?

If these questions sound rhetorical, here are two more: can this country's central bank ever act independently of the Central government? And cannot the governor of the Reserve Bank be given constitutional status, and not hold his office at the pleasure of the Central government?

Deifying a mobike



As a part of an advertisement campaign, B.G. Motors of Dharwad authorised dealers for Kinetic Engineering Ltd of Pune, organised a *rath yatra*. But this one had a Luna Magnum bike on the pedestal in place of Lord Jagannath. And the occasion was the launch of this bike in north Karnataka on 5 March 1991.

Around 100 Luna Magnums were sold within a few days after the event in Dharwad and Hubli. The organisers offered a special surprise gift for the purchase of every Luna Magnum.

M. SRINVASA RAO
Bangalore

A smart move



In marketing there is always scope for innovation. Raj Travels did just that. Their cue was in fact a queue. While people wait outside the American Centre, Bombay, for their imigration and visa clearance, Raj Travels' marketing team comes along in a van and distributes a cup of tea or coffee and two biscuits, along with a newspaper (you can choose any paper ranging from *The Times of India* to the *Bombay Samachar*) and their travel brochure, free. No strings attached, yet if you want their assistance you're welcome. Say, for instance you don't know how to fill up the form or you want to know something about New York, you can have the info on the spot. And their marketing strategy is not devoid of civic sense either. The used plastic cups of tea/coffee chucked away by the people standing in the queue, are collected in a bag and carried away. So that the Consulate people have no reason to complain.

According to Lalit Seth, managing director of Raj Travels', not only has the company received excellent feedback, but their client base too has increased since they started visiting the American Centre.

Strategies for success?

"Strategic alliances have truly become all the rage," says Helmut Mauchen, head of Nestlé. Yet in reality they have always been around. Competitors have always acted together with the aim of safeguarding their independence in sectors of research and development (R&D) and have worked closely in the manufacture and making of their products.

After World War II, for instance, Bosch decided on a definite policy of granting licences to Japanese firms to get a footing in the promising but hard-to-break-into Japanese car market.

Bosch, specialising in fitting out cars, acquired a minority interest in their partners in Japan who had taken up licences. In this way, Bosch kept their competitors in the Far East under control, particularly as regards fuel injection systems.

In the thirties Siemens and AEG for instance, worked together in alliance in Telefunken which they both managed. Later, it became obvious that the possibilities for radio technology were illimitable and both, off their own bat, pushed ahead in this sector — in communications technology for example. Their co-operation had to fall by the wayside.

Globalisation also helped boost strategic alliances. In sectors such as microelectronics, computers, aviation and space industry, the alternatives were either to be promoted to "a global player" or to be forced out of markets in the long-term as R&D costs were increasing rapidly.

A strategic alliance has its advantages if a company is trying to strengthen its position in a specific area. An example of this is the Siemens — IBM co-operation. Last year the two companies tied up to develop the 64-megabyte chip.

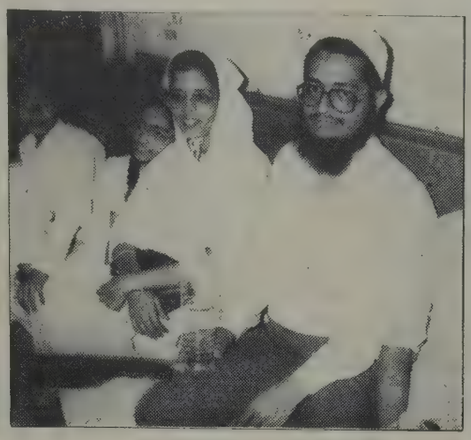
Apart from its collaboration with IBM, Siemens has linked up with almost the whole of the *creme de la creme* of the international electronics industry in order to "achieve a leading position in world markets in its core fields of interest", as Karlheinz Kaske, head of Siemens puts it.

But not all strategic alliances are successful. Mauchen of Nestlé is convinced that when one partner has a greater interest in the alliance, things go sour. Co-operation between the American telecom giant AT&T and the computer firm Olivetti came to grief recently on just this point.

McKinsey, the world famous management consultancy organisation, looked closely at 49 international strategic alliances and found that only 26 were successful for both partners. In the others only one partner profited from the alliance, and 16 ended in total failure.

More than a thirst quencher





Last fortnight, passengers of the Bhagalpur Express and Varanasi Express encountered a pleasant experience at the Victoria Terminus, Bombay. Some 30 employees of the Punjab National Bank, western region, were distributing water in polymer bottles. At one bottle per family, PNB distributed some 3,000 bottles. But one bottle of water could hardly quench the passengers' thirst during the entire journey. Yet, the feeling that somebody just cared won PNB much goodwill. The bottles also had 'Chinta Nivaran Yojana', PNB's latest scheme, printed on them.

The scheme is specifically designed for migrant workers from MP, UP, Bihar and other such places. Under this scheme, the customer has to open two accounts with PNB — one at his place of work and the other at his home town — to ensure risk free and quick money transfers. A real boon for the much harassed workers who fear theft of their life's earnings every time they travel with cash. So who says the customer is a forgotten entity in banks?

Owning responsibility

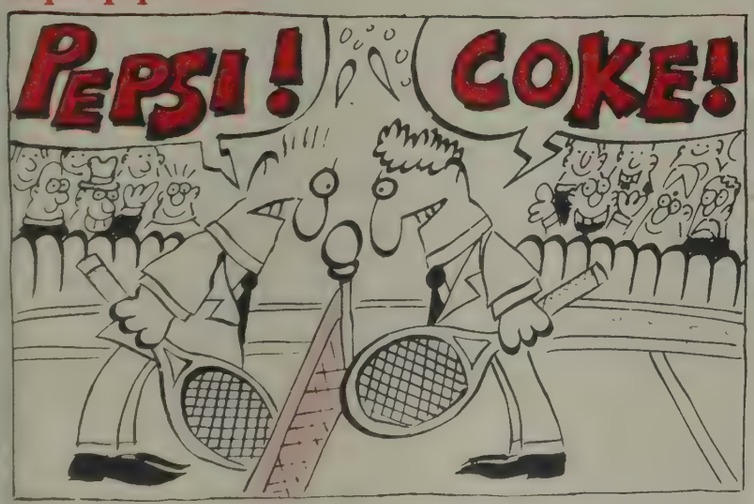
While companies would give their right arm to win a prospective customer, when it comes to owning responsibility for a faulty product, they wash their hands-off it.

Recently however, two companies had to concede to their customer's demands reluctantly though.

Kelvinator which had supplied a defective fridge to its customer agreed to replace it when the customer threatened to take legal action, after complaint after complaint went unheaded.

In another case, Modi Business Machines Ltd, which initially refused to accept the cancellation of an order and make a refund thereof, finally ended up not only paying a refund of Rs.16,569 but interest of Rs.789 as well.

Pepsi pips cake



Coca Cola is the official drink at all NEC World Youth Cup tennis championships worldwide. But this time as the tournament was being held in India, Coca Cola could not be served — the drink not being available in India.

So the Indian sponsors chose Lehar Pepsi, as their official drink, instead.

Now Pepsi being Coca Cola's rival, a distressed Coca Cola immediately dispatched its representative to India to convince the Indian sponsors not to have Pepsi on the stalls. Any other drink, according to them, would do.

Finally, however, it was Pepsi that was to be the official drink. Parle products, being the only other rival in the Indian market, must have cursed their luck.

RB
Bombay

Thwarting the taxmen

The 100 per cent tax-free benefits offered by Mutual Funds, UTI, LIC, etc, are of little use if you don't have the stipulated amount that makes you entitled to these concessions.

In view of this, LIS, an organisation sponsored by the LIS Educational and Charitable Trust, has started a ten-monthly instalment scheme. Any tax-payer desiring to save and not pay tax on income can join the scheme and contribute a fixed sum every month for ten months. At the end of the ten months your savings are ripe for harvest, and a plough back in 100 per cent tax-free schemes.

There is no interest payable on the amount deposited by the individual, but each contributor gets free lottery tickets worth 10 per cent of the amount contributed every month. If you win the lottery, the money is yours of course.

K. VENKATARAMANAN
Munnar (Kerala)

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Indian Seamless' new role

Indian Seamless Metal Tubes Ltd appears to be reaching for the skies. In a totally unrelated diversification, they have set up a new company at Hosur, Tamil Nadu, for the manufacture of gliders. It is the only private-sector company with a licence to make gliders in India. They plan to make the latest design gliders of composite material, like gloss fibre or carbon fibre and have already tied up with a German company for knowhow. The first glider is expected to roll out early next year. According to a company source, there is an international market for about 2,000 gliders every year.

Jindal's stroke of luck

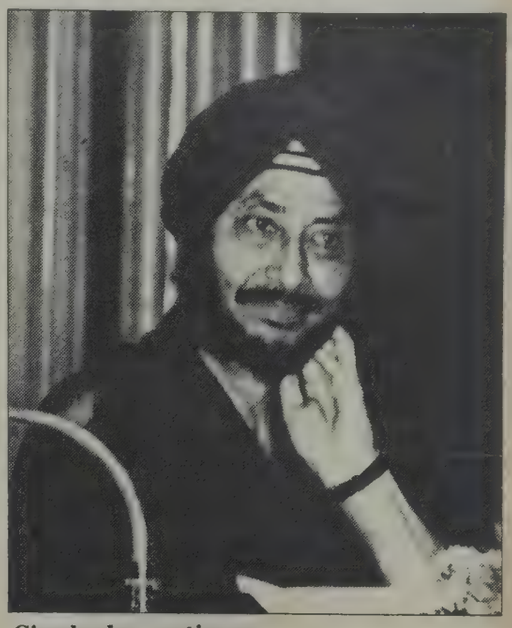
What started as an experimental project for Sajjan Jindal, joint managing director of Jindal Strips, has turned out to be a money-spinner for the group. Jindal, along with his team of engineers, decided to set up their own small galvanised steel plant using indigenously developed technology. And they have been so successful that a Rs.5-crore plant is already under production at Tarapur producing 3,500 tonnes of galvanised steel a month, since January. Equivalent capacity plants imported by the likes of Ispat have cost Rs.30 crore. A new company called Nalwa International has been set up and it will have a turnover of Rs.100 crore this year.

Pillai's new gameplan

Britannia Industries is currently negotiating with Hershey, the US chocolate giant, to export 30 million pounds of peanut butter annually. The value of the export will be in the region of Rs.100 crore of which 40 per cent will be value-added. The export will start within 18 months of the signing of the deal. Eventually, this peanut butter plant however will become part of Rajan Pillai's Coke operation in India. Pillai is also negotiating with the Mars Chocolate group for a similar kind of deal.

A dream being fulfilled

Bharat Gears may be on the verge of realising every Indian auto component manufacturer's dream: tying up with an international giant as a OEM supplier. The Bombay-based manufacturer is about to clinch a big deal with General Motors (GM) for the supply of transmission gears and crown and pinion sets. G. Shanker, vice-president, exports, at Bharat Gears has already visited the GM headquarters thrice and Raunaq Singh, chairman, once. Recently, a high level GM delegation was down at the Bharat Gears plant at Mumbra on the outskirts of Bombay. The deal should provide a fillip not only to Bharat Gears' exports programme but also to that of the entire Indian auto ancillary industry.



Singh: dream tie-up



Jindal: home-made success

Panic in the markets

The latest information about the IMF-loan conditionalities doing the rounds in the financial markets is the one-shot devaluation of the rupee by early July. The information caused panic in the markets and there was a scramble for forward covers. This naturally pushed the premia levels up. Banks advised clients not to go in for forward to forward rollovers. Many bankers feel that the rupee will slide to Rs.25 per US dollar by the last quarter of 1991.

Is this one of those cases of prophecies being self-fulfilling?

More surprises at ICI

After ICI sold its Crescent House building in Bombay's Ballard Estate to the Ambanis, old-timers at ICI have been finding it difficult to adjust to the downsizing of their offices.

Now there may be yet another surprise in store. This time, it is believed that the very pucca headquarters building of ICI in Calcutta is being put on the block.

Well, well, after all times do change!

SPECIAL 301

The sheriff and the fall guy

Given its privileged status as the largest economy in the world for much of the later part of this century, the United States has not hesitated to flex its economic and political muscle. But if the Russian capitulation to capitalism and the recent taming of Saddam Hussein have increased its political leverage, record budget deficits and declining exports have caused significant economic damage. This has had a twofold effect. Americans feel more vulnerable about their economy now than they have have ever done before. They are also more willing to openly use their political clout for achieving domestic economic objectives.

The Trade and Competitiveness Act, passed by the US Senate in 1988, clearly reflects this. It gives the US trade representative two statutory weapons, Super 301 and Special 301, that can be used to unilaterally threaten "unfair" trading partners with retaliation. In theory, this implies the Trade Representative can behave like a frontier town sheriff; dispense justice by shooting from the hip.

Countries like India who have been threatened by these provisions have reacted as if this were what Carla Hills, the present trade representative, had actually done. On the other hand, many Americans have felt that charged to be a US marshall, Hills has been a wimp; more ready to blow a whistle than draw a gun. The truth, as always, lies somewhere in between.

Government inaction. It is true that Hills put India on a Super 301 watchlist on May 25, 1989, citing the government's restrictions on foreign investments and its ban on foreign insurance companies as the main reasons. (see Cover Feature, *Business India*, 12 June, 1989). But the Indian government did absolutely nothing beyond claiming that the issues she had raised were multilateral rather than bilateral. In the event, Hills wound up her probe towards the end of 1990. And the government was complimented on having told the US off. On 26 April this year, Hills got at India again, invoking Special 301.

The reasons for her actions are clear. Super 301 is a provision that attempts to force foreign countries into making changes in trade policy that cannot come about unless their economies undergo radical change. And as Hills found, from her experience with India, even the US cannot really dictate structural economic change to its trading partners. However, Special 301 is an entirely different weapon. In its use, if not in its intent, it is admirably suitable for immediate arm-twisting. By reacting in the manner in which it did in 1989, the Indian government thus invited the present US action.

Given the agreed principle of multilateralism in the General Agreement on Tariffs and Trade, it is clear there is a political reason for India being listed along with Thailand and China in the Special 301 list of countries that inadequately protect American intellectual property rights. The Americans say that India's restrictive laws cost them $126 million annually, hardly enough for special concern. But India is a convenient political non-entity to be flogged for its laws while bigger offenders are exempted. Both Thailand and China have considerable leverage with the US (through ASEAN and the UN Security Council, respectively). Just as Brazil got off the earlier Super 301 list (of countries that restrict American exports) by offering concessions that will not be fully effective until the year 2005, so too, it is argued, will Thailand and China after minor concessions.



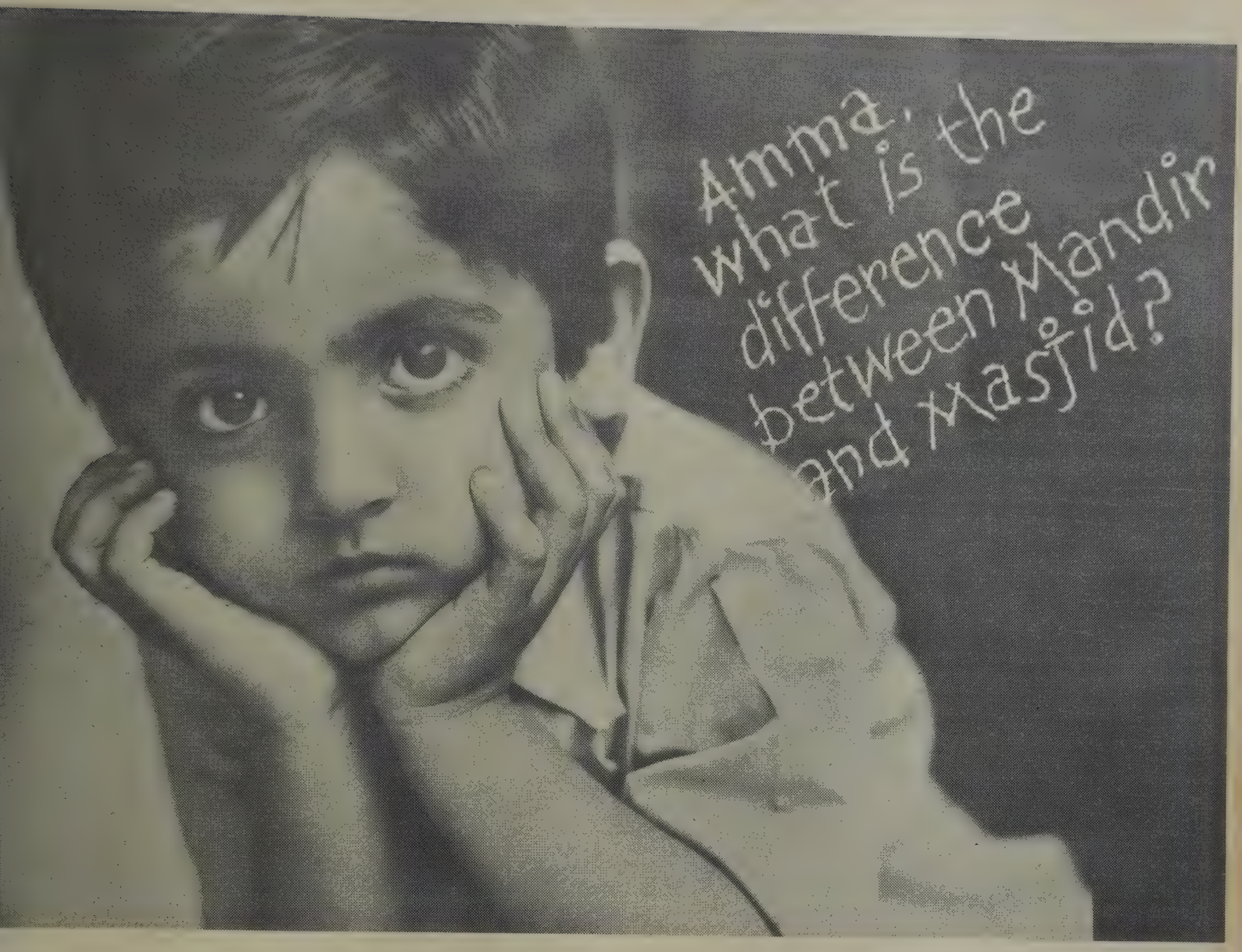
But behind the politics, there are real issues. India's patent law that protects processes but not products — and which has been a boon to pharmaceutical exports — hurts technologically developed countries more than developing ones. America has argued that its domestic manufacturers, who face product patent laws at home, are thus unfairly hurt.

Better to talk. Should India talk to the US on this, perhaps using a possible review of its patent laws as a bargaining chip? This would clearly be a sensible course of action. The US is India's largest trading partner, so bilateral dialogue can hardly hurt. Also, to prevent the retaliation that will come in six to nine months if nothing is done — punitive tariffs on our gems and jewellery and cotton textile exports, for example — India needs to correct the US impression that India has done nothing for the protection of intellectual property since the Indian Patents Act was passed in 1970. For example, software is now protected by the 1884 amendment in the Indian Copyright Act and satellite communications and integrated circuits are protected by international conventions to which India is a signatory.

It has long been argued at home that India is not politically in a position to push its own agenda — such as the phasing out of MFA or manpower exports — in bilateral talks with the US. On the other hand, Mexico has shown that an agenda for liberalisation can convince US trade officials and yield significant payoffs in reducing its foreign debt burden. If the US is similarly willing to discuss a wider range of issues than just intellectual property rights, there is absolutely no harm in India talking to it.

Equally important, we should accept that India's international status as a political lightweight is entirely because of its internal economic mess. If the economy were strong and able to export significant quantities to the US, it would be to the Americans' disadvantage to penalise India by imposing stiff duties on Indian imports, a fact well appreciated for Japanese products. Our government should realise this and realise also that so long as its laws continue to choke internal economic development, we are and will remain easy victims.

■ NAVAL B. GHIARA



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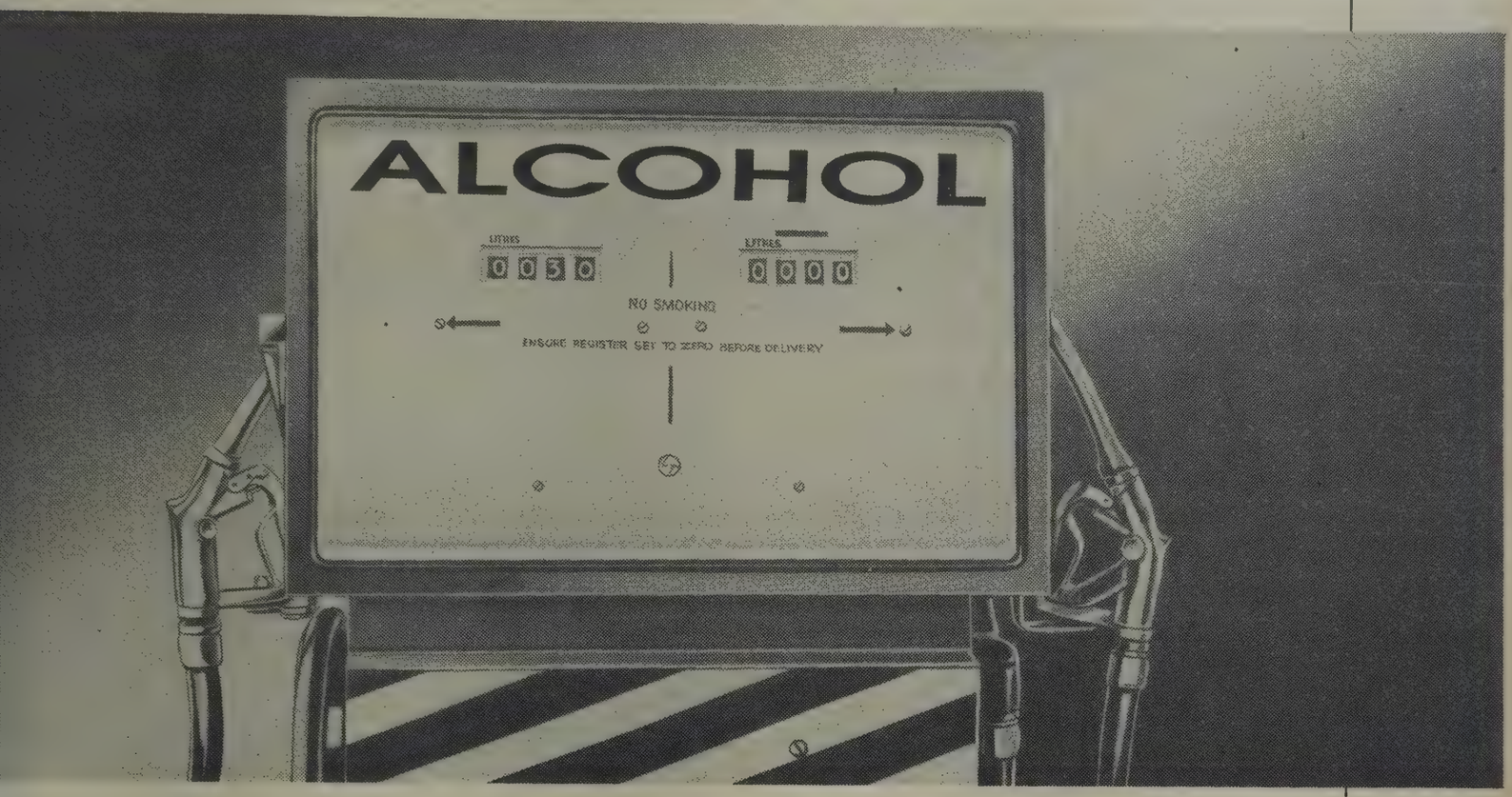
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Tax collections low

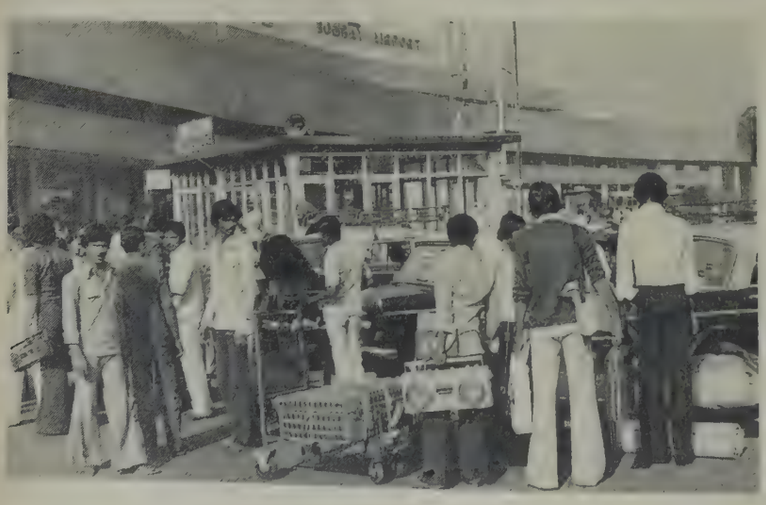
Revenue collections have fallen short of the revised budget estimates by more than Rs.1,000 crore in 1990-91. The shortfall in the collection of corporate taxes has especiallly been heavy. One of the reasons cited for the large gap between the revised estimates and the actual collection was the large amount of refunds made.

$3m. Kuwaiti contract

The Kuwaiti government has awarded a $3 million contract to India for repairing their damaged telephone system. Two hundred technicians from Telecommunication Consultancy India Ltd (TCIL) will go to Kuwait to execute the order. The commerce ministry is of the view that this and other potential contracts will help wipe out India's growing trade deficit.

Bombay Customs net more

The Bombay Customs collectorate, the biggest in the country, has collected a net revenue of Rs. 7,364 crore. The customs department attributes this to the fact that the entire customs house worked on all Saturdays since December 1990 and everyday since 15 March 1991.



Work on Plan shelved

Work on the Eighth Plan has stopped as the planners are awaiting the outcome of the forthcoming election and the finalisation of possible external assistance deals in the near future. As things stand, the planners believe that work on the Eighth Plan might well begin in 1992-93. The interim period is being considered as a plan holiday.

$700 million aid

Major donor countries and the World Bank may lend up to $700 million to India. This will help the country to tackle its BoP crisis.

Germany to give soft loans

Germany has decided to give India concessional loans, following discussions between the two countries. The loans are on soft terms — 0.75 per cent with a repayment period of over 40 years including a grace period of ten years. Concessional aid will be to the tune of DM 685 million (Rs.795 crore).

India under Special 301

The US government has put India on its Special 301 trade hit list for its failure to protect US intellectual property — patents, copyrights and trademarks. The US announcement said that India has been identified because it provided an inadequate level of patent protection, including a very short term of protection and overly broad compulsory licensing provisions. China and Thailand are also on the list.

According to the 1991 national trade estimate report on foreign trade barriers, Indian officials have not responded positively to repeated US proposals for changes in India's patent, trademark and copyright laws.

Export target for handicrafts up

Export of handicrafts including hand-knotted carpets are estimated to have increased by 17.5 per cent to Rs.1,130 crore this year, as against Rs.961 crore in the previous year. Keeping in view this good export performance, the government has fixed the export target for 1991-92 at Rs. 1,440 crore.



CORPORATE

Indo-Rama's EOU

Indo-Rama Synthetics India Ltd is setting up a 100 per cent export oriented unit for the manufacture of cotton and polyester cotton yarn. With an installed capacity of 24,960 spindles, it will cost Rs.34.13 crore. Located at Pithampur in Madhya Pradesh, the unit has already commenced trial production.

The company is also planning to diversify into automobile tyres and tube making.

HNL to expand

Hindustan Newsprint Ltd, a public sector company, has drawn up a Rs.100-crore expansion plan to raise annual newsprint production by March 1994. This will cost the company Rs.70 crore. The company is also setting up a Rs.30-crore recycling plant to utilise waste paper as raw material.

TCS launch postponed

Tata Consultancy Services has postponed the launch of its low cost business management computer software package. Scheduled for release this month, it will now be launched in June for the Indian market and in August for the international market. A 17-member team has worked for 10 months exclusively on the package code named "Product X". TCS has earmarked Rs.1.5 crore for a high-profile launch which had to be postponed due to the general elections later this month.

Ban withdrawn

The Indian government and the Sumitomo-led consortium of five Japanese companies have agreed to settle through arbitration the controversy over the alleged payment of commission to a New Delhi-based company in the ONGC pipes deal. Last month, the government decided to lift the ban on dealings with the Japanese companies involved in the controversy. Official sources say that the decision will come to force only after the government and Sumitomo formally sign the agreement leaving the matter to

bitration.The law ministry is alising the draft agreement d procedures for arbitration.

ew vehicle from &M

ahindra & Mahindra is plan-ng to launch a 2,500 cc petrol-iven Jeep-type vehicle. The trol engine has been devel-ed and designed in-house



th technical help from AVL, Austrian firm. The vehicle ll have both military and civil-n uses.

M&M is also upgrading its ex-ing LCV with a longer chassis d redesigned driver cabin, d plans to launch the 504 ck-up vehicle with Peugeot sistance.

isleri for USSR

sleri Beverages Ltd has gned joint venture agree-ents with three Soviet con-rns for setting up soft drink anufacturing plants in the SSR. As per the agreement, e Soviet partners will produce ums Up, Limca, Citra and Goldspot, all locally bottled in the USSR.

Bisleri, which is a subsidiary of Parle (Exports) Ltd, will set up a plant which will produce 30,000 bottles of beverages an hour.

HLL supplies for Unilever

Hindustan Lever Ltd will source the entire worldwide requirement of Pears soap for Unilever, its UK parent. For this purpose, the company is setting up a new Rs. 19-crore plant at Khamgaon in Maharashtra. It will begin operation in two years. Hindustan Lever is expected to earn export earnings worth between Rs. 10 to 12 crore from this.

IPCL's export to China

With a 30-tonne export consignment to China, Indian Petrochemical Corporation (IPCL) became the first Indian company to export acrylic fibres. The trial order was clinched against competition from Japanese and European firms which presently dominate the 200,000-tonne Chinese market for synthetic fibres. IPCL has plans to export 15,000 tonnes acrylic fibres and yarn per year.

BILT takes Titaghur over

Ballarpur Industries Ltd (BILT) of the Thapar group has signed an MoU with the Orissa government for transfer of assets and liabilities of the Titaghur Paper Mill number three. BILT had earlier accquired the Sewa Paper Mill, also in Orissa. The company plans to invest Rs.150 crore for the acquisition and rehabilitation of these two mills.

INDUSTRY

Foodgrain production up

Foodgrain production for the period 1990-91 is a million tonnes higher than the targeted level of 176 million tonnes This indicates a 3.44 per cent increase over the previous year. The foodgrain target for 1991-92 is estimated at 182.5 million tonnes. Keeping this growth rate in mind, it is hoped that the agricultural sector as a whole will grow at the rate of about 4 per cent in the coming years.

Several drugs banned

The Union ministry of health and family welfare has banned several combination drugs. The reason given is that there is no therapeutic justification for them and that their use is a health hazard. The banned drugs include fixed dose combinations containing more than one antihistamine, liquid oral tonics containing glycerophosphates or other phophates and preperations containing more than 20 per cent alcohol.

Boost to farm goods exports

The commerce ministry is working on major initiatives to give a boost to farm goods exports. The ministry is of the view that value-added exports are preferable to exports in bulk form, to generate a sizeable export surplus. Other areas requiring keen attention are building transportation systems and infrastructural changes.

DoS seminar

The department of steel recently organised a seminar on "coke for private sector pig iron and steel plants" to discuss the requirements and availability of coke for pig iron manufacturers. The projected demand for pig iron for foundaries in the country is likely to be 3 mt by



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1994-95 and 4 mt by 1999-2000. As against this, the availability projections are 1.7 mt and 1.1 mt, respectively. The corresponding coke requirement to meet the above additional pig iron demand would be 1.3 mt in 1994-95 and 2.9 mt in 1999-2000.

Textile export targets

Textile export targets for 1991-92 have been fixed at Rs.10,085 crore, 37.6 per cent higher than last year's targets.



Of these, cotton textiles constitute Rs.2,775 crore and ready-made garments Rs.5,800 crore.

For wool and woollens, silk textiles, man-made textiles and coir products, the targets fixed are Rs.200 crore, Rs.500 crore, Rs.750 crore, and Rs.60 crore, respectively.

Jute mills for restructuring

Twelve jute mills located in West Bengal have been identified to be restructured for manufacture of diversified jute products for exports. The product range, the break-up of production for each mill, machinery and equipment required, and the investment outlays have also been identified.

The Indian Jute Industry's Research Association, Calcutta, has announced that they will set up a product development wing to help jute mills in identifying items which would have an export thrust and have specifications of internatonal standards.

DoE to push for parks

The DoE is planning to reduce export obligations for firms dealing in the software technology parks. The companies will be required to export 200 per cent of the value of imported equipment instead of the existing 300 per cent. In order to give a push to the non-starter software technology park scheme, DoE has decided to provide a ready infrastructure in order to attract both Indian and foreign firms. The DoE will install earth stations costing around Rs.15 crore in the 15 parks to augment data communication facilities.

Coal reserves for 150 years

The country's gross coal reserves have touched the 192 billion tonne mark following fresh explorations by the Central Coal Mine Planning Institute. The reserve has increased by 16 billion tonnes since January 1989. At the current rate of consumption of 400 mt per annum, the total coal stock is expected to last another 150 years.

LABOUR

Safety awards to workers

Minister of state for labour Ramji Lal Suman gave away the national safety and Vishwakarma awards for 1988 and



1989 to about 160 workers for their outstanding performance in safety consciousness. The minister said that the government is taking a number of steps to improve safety standards and workers' health. These include strengthening of legislation and the system of enforcement including training, research and consultancy.

Golden handshake for BCCL workers

About 197 miners of Bharat Coking Coal Ltd (BCCL) have sought voluntary retirement under Coal India Ltd's golden handshake scheme. According to a company spokesman, the miners have been given provident fund, gratuity, and payment against their leave and remaining years of service. The company has set a target of 5,000 voluntary retirement under the scheme during the current financial year. The golden handshake is intended to do away with surplus workforce, particularly of those workers who are old and infirm.

Time limit extended

The government has extended the time limit of three months for opening an account under the deposit scheme for retiring employees of public sector companies. Those employees who received retirement benefits before January 1991 may open an account till 30 June 1991. Those employees who retired after January 1991 may also open an account within three months of receiving retirement benefits before 30 June 1991.

DIARY

EVENT/VENUE/DATE	ORGANISER
Training programme on MODVAT — Concept and its Complications at SeaRock Sheraton, Bombay on 25 May	Creative Communication and Management Center, 2nd floor, Raja Bahadur Building, 8 Ambalal Doshi Road, Bombay 400 023 Tel: 273006
Course on CAD/CAM — A Strategic Tool for Engineering Productivity at OMC Computers Ltd, Secunderabad from 3 to 7 June	OMC Computers Ltd, Surya Towers, S.P. Road, Secunderabad 500 003 Tel: 841851
Training programme on Readership Action for Total Quality at Hotel Holiday Home, Shimla from 12 to 14 June	Institute of Directors, 107/55 Nehru Place, New Delhi 110 019 Tel: 6421668
Seminar on Exports — Markets — Products & Methods at Hotel Oberoi, Bombay on 13, 14 June	Indo-American Society, Kitab Mahal, Sukhadwala Marg, Bombay 400 001 Tel: 2044882



Court order on dock board

The Orissa High Court has directed the Paradip Port Trust to constitute a dock labour board at the port instead of administering its cargo handling scheme under section 42 (I) (a) of the Major Port Trust Act, 1963. The judgement said a reference to the 1948 Act showed that after a cargo handling scheme was framed, a dock labour board was to be established to administer the same.

Lockout resolved

The month-old lockout at Calcutta Metro Rail Construction has finally been resolved. This is a result of the tripartite discussions between the Hindustan Construction Company (HCC), the HCC Workmen's Union and the Paschim Banga Niram Karmi Union. According to the settlement, the legal aspects of the retrenchment of 139 workmen on in December 1990 will be examined by the labour secretary. HCC has agreed to reemploy the highly skilled/ skilled retrenched workmen in future projects. Considering the importance of the project to the nation, the parties agreed to cooperate with each other and not allow any kind of agitation during the period of construction.

NPCC settlement approved

The labour ministry has approved the National Project Construction Corporation's (NPCC) wage settlement. The agreement covers over 3,000 workmen of the public sector undertaking which is under the ministry of water resources.

However, some of the workers' unions which were bypassed in the negotiations allege that injustice has been done to reinstated, retrenched and terminated workers in the settlement concluded with the NPCC Ltd Employees Federation. These workers were not being given back wages and other legitimate benefits like continuity of service, provident fund and gratuity, the union alleged. A spokesperson of the union, however, admitted that the retrenched workers had accepted the management's offer of compensation.

LANDMARKS

Awarded, to Suresh Krishna, chairman and managing director, Sundram Fasteners, Madras, the prestigeous Sir Jehangir Ghandy Medal for Industrial Peace, by the Jamshetpur-based Xavier Labour Research Institute. His company has a unique record of not having lost a single man-day in 25 years to any labour dispute. Past recipients of the award includes J.R.D. Tata, Russi Modi and P.N. Bhagwati.



Appointed, Vasant Gowariker, the distinguished space scientist, as advisor to the prime minister on science and technology. He was earlier secretary, department of science and technology as also chairman of the Council of Meteorological and Atmospheric Sciences, director, Vikram Sarabhai Space Centre, Trivandrum and visiting professor at the Stanford University, California.

Resigned, Rajan Jetley, former managing director of Air India from his post as the president and chief operating officer of the Singapore-based Britannia Industries Ltd, the holding company of Britannia India Ltd and several other food companies in Asia and New Zealand controlled by Rajan Pillai. Jetley who made the widely publicised transition to Britannia last year has now set up his own aviation and tourism-related consultancy in Singapore called Indo-Pacific Business & Management Consultancy. He will continue to be an advisor to Britannia Industries.



Died, A.H. Bhiwandiwalla, the founder of Great Eastern Shipping Company Ltd, at the age of 78. A leading commodities and sugar trader, he helped found Great Eastern, India's most successful private sector shipping company, in 1948, but later had very little to do with the management.

Died, Gouri Shankar Pandey, 51, senior general manager of IDBI Bombay, in charge of the rehabilitation department. Pandey was in Delhi on 26 April for a board meeting when he was killed in a bomb blast along with two others at the capital's *Palika Bazar.*

Died, P.R. Roy, 54, a leading nuclear scientist, father of plutonium metallurgy in India and director,materials, of the BARC, of a massive heart attack. Roy, a Padma Shri awardee, had played a crucial role in the country's underground peaceful explosion at Pokhran in 1975. He was also the first Indian metallurgist to handle the unique man-made metal plutonium.

SONY

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ANIL LAMBA

Lamcon Finance and Management Services, Pune, which trains business executives in finance, has so far trained over 500 executives from TELCO, Air



India, Hindustan Ciba Geigy and other reputed companies. The company usually organises short duration seminars and workshops, but has for the first time started a long duration (three months) training programme in finance. "It is aimed at executives or businessmen who need to know about finance but can't go back to college to learn the fundamentals," says Anil Lamba, Lamcon's director. The response to the course has been very encouraging. Lamcon has launched the course in two batches and still has not been able to accommodate everybody.

PANNA DOSSA

For entrepreneur and textile designer Panna Dossa, winner of the "Woman Of The Year" award constituted by the Indian



Merchants Chambers' Ladies' Wing, life has been a long affair with colours. At 15, she began attending fabric painting classes and while in her early twenties, started selling sarees she had painted. What began as a hobby is today a full-fledged business with a Rs.8 lakh turnover. A remarkable achievement for a woman from an orthodox family, married off at the age of 14 and with little formal education. Dossa's clients have ranged from Air India to Indira Gandhi. Besides running Kalindi, her outlet in Bombay, she designs sarees for well-known mills like Century and Khatau and has held exhibitions in Bangkok and the UK. Her future ambition: "To create a new design everyday."

SANJAY MARIWALA

Kancor Flavours and Extracts Limited, a subsidiary of BOI Limited, has recently tied up



with McCormick Co of the US, a Fortune 500 company. With a 40 per cent equity stake in the new company, McCormick will market all Kancor products. Kancor, in turn, will supply the American company with its requirements of oleoresins, used for imparting flavour to spices. Apart from this, the overseas company will also provide managerial support and technical assistance. In order to meet global requirements, Kancor is building a modern new plant at Angamaly, near Cochin and expanding all its current facilities, at an investment of Rs.3 million. According to managing director Sanjay Mariwala, the company should touch a turnover of Rs.15 crore in 1991-92, most of it through exports.

NIREN SUCHANTI

According to a recent study of the Indian capital market, Pressman Advertising and Marketing Pvt Ltd has handled the largest number of public issues and accounted for 25.4 per cent



of the capital raised during the year. Though Pressman offers a gamut of services like handling public relations, making audio visual films and undertaking market research, it is mainly known for its innovative work in the specialised field of financial advertising. Says director Niren Suchanti, "We handled 30 issues during the last as well as the current year. But since there were a less number of issues this year, we feel we have done better."

AJAY PIRAMAL

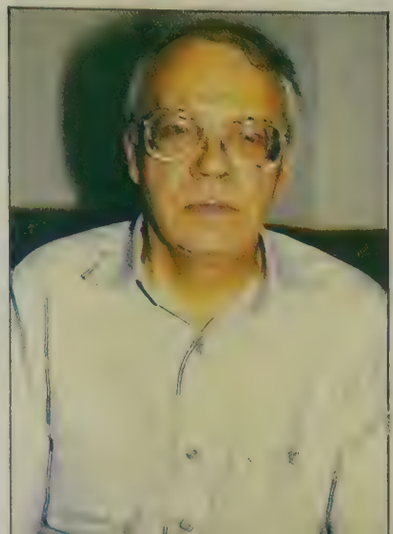
Last year, Gujarat Glass Limited, a company manufacturing soda lime and borosilicate glass containers for the pharmaceutical industry merged with Ajay Piramal's Bombay-based Nicholas Lab Ltd, a company primarily into health care and pharmaceutical formulations. As a part of the merger deal, shareholders of Gujarat Glass got one fully paid-up equity share of Nicholas Laboratories for every two of theirs. Last fortnight, Nicholas also declared one bonus share for every one share held in the company. The merger, says Piramal, generated operating managerial synergies. With a capital investment plan of Rs.40 crore including setting up of a full-fledged modern formulation plant, expansion of



the glass vial manufacturing capacity and future expansion into the transparent bottle manufacturing, Piramal hopes to give good returns to his investors. Says he, "We have the advantages of proven technology and low gestation periods and thus our business risks are low."

CHARLES MAST

The US consul general Charles Mast's visit to the city last month was an affirmation of the growing importance of Pune as an industrial centre. Speaking



on the post-Gulf war implications on Indian business, Mast said, "The Kuwaitis are going to spend $ 60-100 billion over the next decade on restoration work but it is too early to say which countries will bag the orders as civic order has still to be restored." Regarding India's foreign exchange problem, Mast said that India should focus on getting more private foreign capital rather than loans which have to be serviced regularly.

PETER COLE

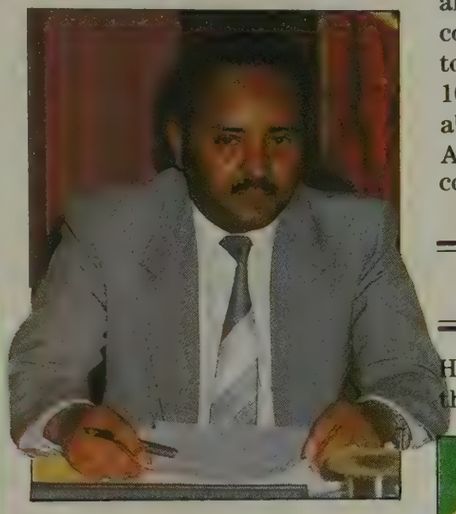
Founded in 1972, British Executive Services Overeas (BESO) is a charitable organisation which provides advisory services on various industries.



"The objective of the company is to improve managerial skills, increase efficiency and advise on quality control, planning, strategy, and marketing," says Peter Cole, BESO's director (operations) who was in Bombay recently. Based in Britain, the organisation has 2,000 registered volunteers, most of whom are retired professionals from diverse fields. Any organisation around the world requiring advice can write to BESO in response to which a representative will be sent. His travelling expenses are borne by BESO whilst the host only has to look after the local accommodation, food, etc. "Our role is purely advisory. We do not promote British goods and services," emphasises Cole. Since its inception BESO has taken 1,700 assignments from 17 countries.

ZAWDI BIRADU

India's exports to Ethiopia are valued at Rs.12.5 crore. Imports from this African nation, however, are nil. To set the balance right, a four-member delegation recently came from Ethiopia.



Says Zawdi Biradu, the leader of the delegation, "We see a lot of scope for collaborations." The delegation members were keen that Indian companies participate in joint ventures in Ethiopia. Shortage of funds need not be an issue for, according to Biradu, the World Bank, IMF and the EEC nations could provide credit lines.

HUBERT ISSAURAT



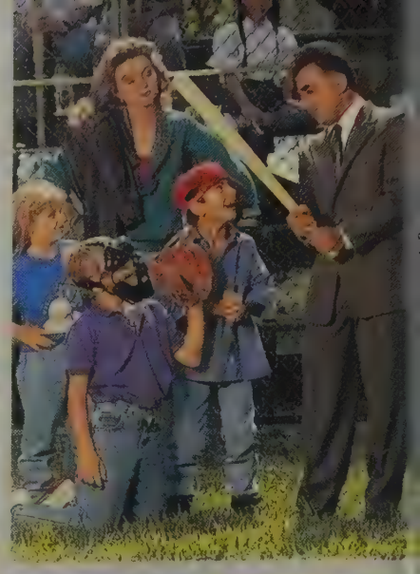
The commercial director of SNF Floerger, Hubert Issaurat, was in India to inaugurate the AP-based Polyelectrolyte India Ltd., a joint venture of Ion Exchange (India) Ltd, the well-known water treatment company and SNF Floerger (France), the second largest manufacturer of flocculant polymers, extensively used in process industries for solid-liquid seperation. SNF has a 40 per cent equity in the new company, whose project cost for the first phase is around Rs.1.5 crore. Issaurat is confident that they will be able to meet the current demand of 1000 tonnes and "might even be able to export this polymer to Africa and the neighbouring countries by the year-end."

LUCIANO BENETTON

He has been called the best and the brightest that Italian capitalism has had to offer in the eighties. Starting out in 1965 at the age of 27 in the small northern Italian town of Treviso, Luciano Benetton, helped along by his two brothers and a sister, created a colourful fashion empire that is spread over 80 countries and over 5,000 outlets and recorded sales of over $ 1.2 billion last year. He was in India last week to further consolidate Benetton's already sizeable presence here. Dalton Fashions, its local franchisee, now sells through 20 outlets spread all over the country including smaller cities like Surat and Panaji and had sales of over Rs.40 crore last year. The number of outlets is to be doubled by next year and a new range of clothes for women and children to be introduced. "Though the quality of the products made here need to be improved, the potential for our company is good here," Luciano said in Bombay.











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(BI/5)

DRUGS AND PHARMACEUTICALS

A problem of protecting patents

The recent US decision to place India under the Special 301 provision of the Omnibus Trade and Competitiveness Act of 1988 has created a sense of foreboding among Indian drugs and pharmaceutical manufacturers. India, along with China and Thailand, had been identified as violators of US intellectual property rights (IPR), the US grievance being particularly strong in the case of pharmaceuticals.

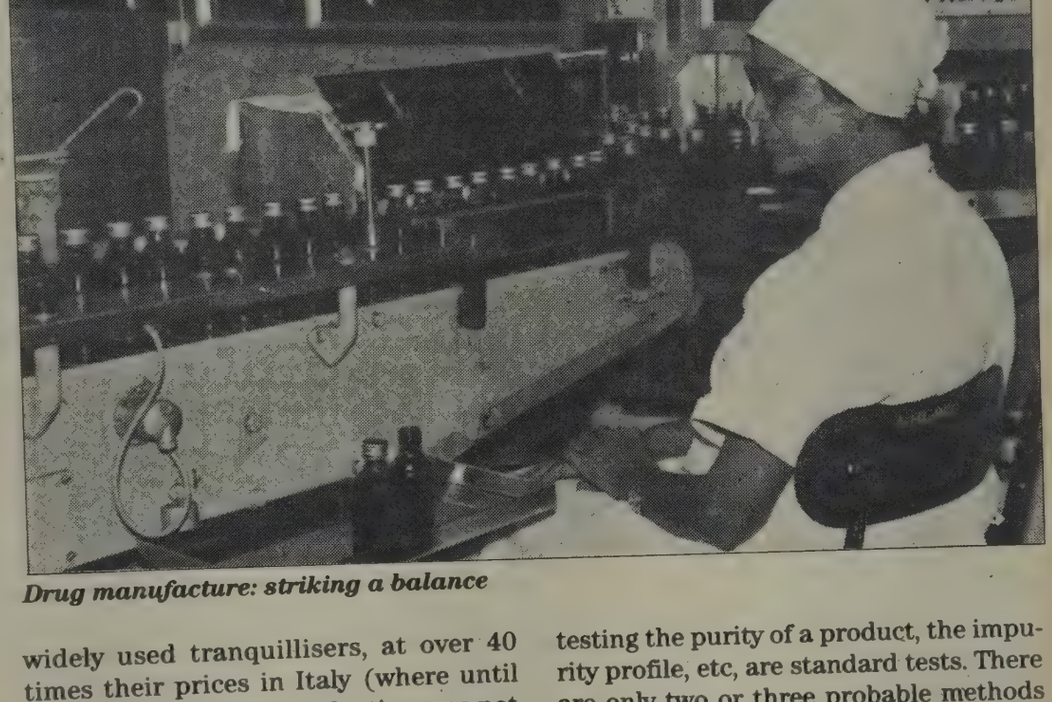
India manufactures a host of drugs, including cephalosporins, cardio vascular, anti-ulcer drugs, etc, which are still under patent in the US. "Our contention is that a balance has to be struck between rewarding creativity and safeguarding public interest, particularly in India, where the level of poverty does not allow high drug prices," says Mahendra Dadha, president of the Indian Drug Manufacturers Association (IDMA).

Pragmatic Act. Until 1970, when the Indian Patents Act came into force, drug prices ruled high. But the Act took an extremely pragmatic view of the issue. In order to provide cheap medicines for the masses, production in the country of essential drugs was not to be prevented, under any circumstance. The result was that India made remarkable progress, particularly in the manufacture of bulk drugs.

For example, in the case of Ibuprofen, an anti-inflammatory drug, Indian manufacturers have been able to effect considerable cost reduction to emerge as world leaders in this drug. Indian consumers have, of course, benefited from this cost reduction. "Today, drug prices in India are among the cheapest in the world. Price control apart, the applied research carried out by several drug companies has ensured that prices are pegged at a low level," says Dadha.

The prevailing opinion is that drug prices will shoot up to the international level, once India accedes to US demands. And this difference in prices is substantial. Thus, Bromocyptine (2.5 mg strength) is priced at Rs.7.45 per tablet, against Rs.25.80 per tablet overseas. In the case of Atenolol (50 mg strength), used against blood pressure, international prices rule at Rs.9.52 per tablet, while the Indian price is Rs.1.53 per tablet. Such examples abound. A significant component of the overseas price goes towards payment of royalty for the patent.

Further, instances of companies holding the patent and prescribing unrealistic prices are not unknown. A recent instance cited is that of Roche Products, a British subsidiary of Hoffman La-Roche AG of Basel, Switzerland. Roche was selling, to the British National Health Service, two patented products used in the formulation of Librium and Valium, both widely used tranquillisers, at over 40 times their prices in Italy (where until very recently, patent production was not available).



Drug manufacture: striking a balance

High cost. Anxiety among Indian manufacturers stems from the fact that no Indian company in the industry works on basic research, primarily due to the high costs involved. Most Indian companies pick up products 'for development' when the foreign company begins marketing this drug. By this time the drug is patented — most US companies apply for patent just prior to carrying out extensive human trials. With the data regarding the composition of the drug, which is available in trade and scientific journals, Indian R&D units arrive at the correct manufacturing processes, and concentrate on improving yields and reducing costs.

Between January 1985 and December 1990, 163 drugs were cleared for sale for the first time in India — the result of applied research by Indian companies. In reality, these manufacturers have no other option because the track record of Indian National Laboratories in the area of basic research has been dismal. Over the last decade only two new drugs — Gungulipid (to reduce cholesterol levels) and Enfenamic Acid (an anti-arthyritic drug) — have been produced. And, according to industry sources, these products have not been successful commercially.

Therefore, Indian manufacturers would like to differentiate between patents for processes, and patents for products. This is because data like method of testing the purity of a product, the impurity profile, etc, are standard tests. There are only two or three probable methods based on the structure of the components. Classifying such 'processes' under 'the undisclosed data' category, it is felt, would jam the brakes on R&D.

"During the period of the patent, drugs will have to be imported at the prices dictated by the patent holders," warns Dadha, who perceives a monopoly of the industry by the multinationals. Current Indian imports of drugs are of the value of Rs.350 crore, against domestic sales of the order of Rs.6,000 crore. This situation could change dramatically. Given the drug price control on the one hand, and the dominance in the production of patented drugs by the multinationals, the fear is that most Indian companies will flounder.

Attendant responsibility. In India, the government, through the drug controller, grants permission for the manufacture of new drugs. "In instances of contravention, the government will also be a guilty

party, with the attendant responsibility of sharing the penalty," says Dadha.

The US has demonstrated that it means business. Ibuprofen has been removed from duty-free entry. This will result in a decline in the export of the drug. But most Indian manufacturers prefer punitive action to a dilution of the patent laws. Over the last few years, Brazil, Mexico, South Korea, Taiwan and Saudi Arabia have changed their patent laws under US pressure. How far should considerations for intellectual property limit the disperal of intellectual and scientific knowledge? And should the Indian consumer, struggling under increasing prices on every front, bear the brunt on this front too? Unfortunately, the answer lies with the powers-that-be who sit not here, but abroad.

■ DHARANI K. PANI

MTNL

Changing attitudes

It seems few have anything complimentary to say about the Mahanagar Telephone Nigam Ltd (MTNL), its telephones, or its personnel. And all it does, under the circumstances, is beat its collective breast and plead *mea culpa*. But now, hopefully, things will change — at least on the personnel front.

The communications behemoth had opted for a well-planned training programme for its 3,563 operators and 397 supervisors in all the special services, to bring about a conscious change in attitudes, skills and productivity. This programme, conducted by the MMC School of Management, Bombay, under the guidance of its founder N.N. Athreya and S.V. Pandit, was started in 1987 and ended in 1990. It was aimed at instilling the "voice with a smile" orientation.

Pandora's box. When the pilot training programme started in 1987, the trainers stumbled onto a regular Pandora's box of problems and constraints. And these were not just at the operators' level, but at the supervisors and management level too. So, what started as a training programme became, in fact, 'action research', with an opportunity for all concerned to air their views.

MMC had video-taped a random sample of subscribers' opinions and this was shown to the operators, as also a video tape of the managements' expectations. In turn, a group of randomised subscribers were taken around the Prabhadevi exchange, to see for themselves how the operators worked and the constraints present. The mutual feedback was unique and of enormous help.

The biggest problem is absenteeism. At any given time, it hovers between 30 to 40 per cent and, during summer vacation and festivals, it goes up to 50 per cent. Special services are not answered for the simple reason that they are unmanned — in this ease 'unwomaned'.

This stems from the policy of hiring only women. But the socio-cultural background from which these ladies come makes heavy demands on their time as wives and mothers. Night shifts too are a problem. Also, only local people are hired and an SSC pass is sufficient. Most come from vernacular medium and are not proficient in English. Worse still they have to put in years of service before being made permanent. Besides all this, MMC's initial study revealed the following:

- The '180' operators book an average of 110 calls a day each; of these 45 to 50 calls are effective. The others do not materialise because the called parties are not available or the lines are faulty.
- A '197' operator takes around 225 calls per day. Though the retrieval has become easier with computerisation, additions or deletions are often not fed in on time. The operator then has to deal with disgruntled subscribers for no fault of hers.
- Each '199' operator answers around 150 calls per day.
- During the Ramzan month, morning alarm has a load of about 3,500 wake-up calls between 3.30 and 4.30 am. Computerised calls are not appreciated by many, who specifically demand a manual wake-up call.

The logistics for training had to be worked out in this context, without disrupting an already fluid picture with high absenteeism. So the operators were taken out in groups of 10 or 12, for two hours a day for five consecutive days. According to Athreya, "Every day, an operator gets at least 100 opportunities to give a good feeling and get a good feeling." So voice modulation, language felicity, standard responses, managing time and stress, understanding rising expectations and translating them into productivity, and yoga exercises were all included in the programme.

How has this programme helped in improving the skills of operators or changing their attitudes. Says B. Sivaramakrishnan, area manager, long distance, "The training has certainly created an awareness for behaviour and attitude changes." He also feels that all sections of MTNL have tried to better their past performance, despite 1989-90 being a "bad" year. There has been a sharp rise in inland booked calls from 7.62 million calls in 1986-87 to 7.81 million calls in 1989-90. The number of 'effective' calls in 1986-87 were only 5.08 million; that went up to 5.75 million in 1989-90.

Says Radha Patil, five years an operator, "In two hours I can attend to over 100 calls, but not all will be effective. We try.



A telephone exchange: trying to deliver the goods

The line may be busy or faulty. I feel good where I help a subscriber." Most agree that the idea of "exercise" is good but not practical. In a seven-and-a-half-hour shift, with a 55-minute break, the work load does not permit any slack.

Maximum *gaalis*. Says Kalpana Taldeja, who has put in 26 years of service, "In the test room posting, the work is different. You have to just pick the fault cards and pass them on to the lines people. But we get maximum *gaalis* on 198, as if every line breakdown is our personal fault." Says Ujwala Kotasthane, "We have gained more knowledge but all the ideas cannot be followed. With console lights dancing continuously, 10 signals coming in at a time, we have to mechanically deal with subscribers."

Many felt that supervisors have to be more understanding in granting leave, even half day leave if need be.

Sumati Vayude, 57, senior supervisor on the verge of retirement after 34 years, has some incisive comments, "Operators need to be trained constantly to be tuned to public needs. But this caring and commitment must be for all — supervisors and management too, as well as technical staff. For example, an operator should know about number changes in the shortest possible time. Often, everyone pays lip service to training. Role excellence needs to be ingrained in everyone".

Despite the millstones of antideluvian equipment, quantum leaps in demand and volume of traffic, a militant workforce and perennial resource crunch, MTNL is trying to deliver the goods. This training for change in its human resources is a small step, but a significant one in the right direction.

PADMA RAMNATH

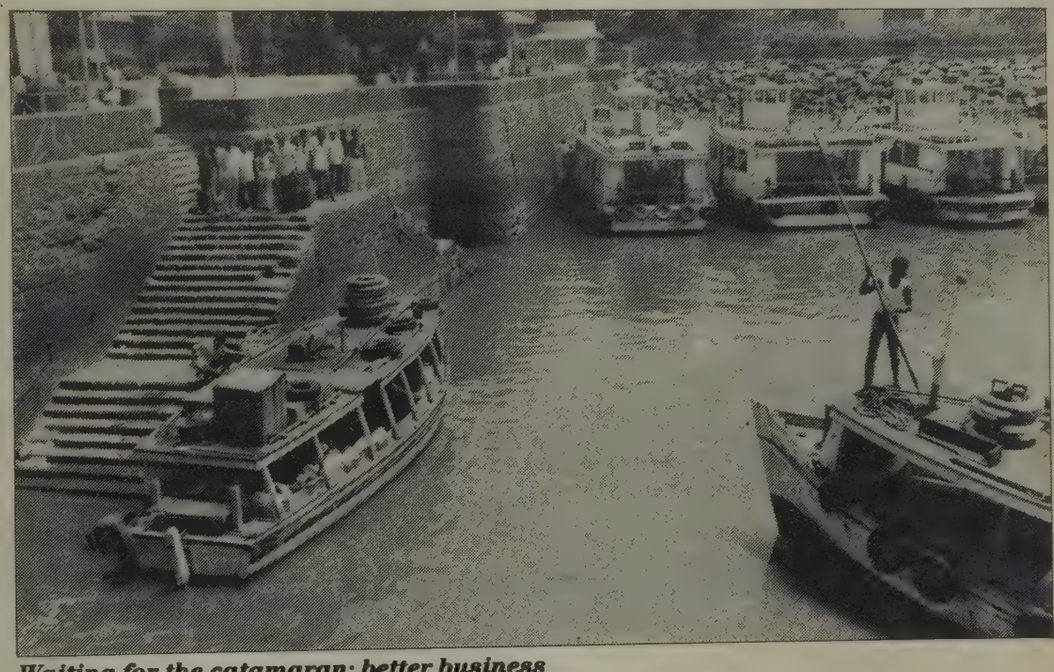
BOMBAY HARBOUR CRUISES

A dream comes true

The Maharashtra Tourism Development Corporation's (MTDC) privatisation efforts, which began in 1989, has borne fruit once again. It has brought together the launch owners operating harbour cruises at the Gateway of India in Bombay. And the limited company they have formed has placed an order for a modern 65-ft catamaran.

A long cherished dream of the MTDC's dynamic chairman-cum-managing director Dev Mehta, the plan had been repeatedly delayed, high investment (Rs.60 lakh) and differences among the launch owners being the main reasons. Envisaged as an important adjunct to the corporation's other tourism promotion and infrastructure development activities, it was both a move to initiate the modernisation of the decades-old harbour cruise fleet as well as to cater to the sophisticated tastes of foreign tourists. A detailed feasibility report prepared by a local auditor had declared the project viabile.

Persistent efforts. Following Mehta's persistent efforts, the Gateway Elephanta Pleasure Tours and Travels Ltd was formed by 90 launch owners last year, as a registered company. The shares held by each member was directly proportional to the number of launches owned by him.



Waiting for the catamaran: better business

The company placed an order for a catamaran with Praga Marine Pvt Ltd of Cochin last October. Delivery of the vessel is expected by mid 1992, says U.M. Panchi, the new company's managing director. A quarter of the estimated Rs.60 lakh cost has been put up by the shareholders while the rest has been advanced by the Maharashtra State Finance Corporation, he added.

The indigenously built new craft incorporates a modern twin-hull fibreglass design which is presently used in the lagoons of Kerala. It will provide luxury cruises within the harbour as well as operate to Elephanta island regularly. Equipped with a fully-stocked bar and a cafeteria, it will have a seating capacity of 100. It will also be available for conferences, parties and local night charters, Panchi said.

The ticket rates for the cruises will be finalised only after the catamaran is delivered but they are expected to be substantially higher than those at present. Deluxe launches charge Rs.40 per head for a round trip to Elephanta as against the ordinary rate of Rs.25. The introduction of this catamaran will mean a significant improvement in the services offering a genuinely luxurious and cleaner alternative to the launches available at present.

As part of the original proposal, the MTDC was supposed to simultaneously order another catamaran and lease it to the new company. A sum of Rs. 50 lakh had also been sanctioned to the corporation by the Central government for this purpose but the decision, it is learned, has been deferred for some time. "We will see the performance of the first vessel and only then go in for the second one," said an MTDC official.

Not enough. The operators expect the catamaran to handle about 10 per cent of the present Elephanta tourist traffic, says Panchi. Currently it is estimated that 1,500 tourists visit Elephanta on a weekday and nearly 4,000 a day on weekends. According to Panchi, the boat will run 250 days a year, leaving out the monsoon months.

Meanwhile, the jetty at Elephanta is being modified to handle this new craft. The work costing Rs.3.2 crore is, according to the MTDC spokesman, expected to be completed by November this year.

The 88 deluxe launches operating the cruises from the Gateway of India are not

fully employed as there are not enough tourists for them. The situation is growing steadily worse with more launches adding to the fleet. The operators are faced with a slow but certain squeeze by the market forces. The introduction of the modern catamaran and the formation of the company, with a lot of organisational and managerial advice from the MTDC, it is hoped, will bring about an improvement in both the capacity utilisation as well as profitability of the business.

■ MILIND PALNITKAR

BOILERS

Lack of steam

For a 'priority' sector item, the boiler and the boiler manufacturing industries hardly seem to be getting the recognition they deserve. With an approximate turnover of Rs.200 crore in the small and medium sectors and approximately Rs.900 crore in the large sector, the industry is beset with problems both internal and external. And much of this is because of user and general government apathy.

At least three large boiler manufacturers have shut down in the recent past for reasons ranging from low margins to unorganised fly-by-night operators cutting into their markets with cheap, inefficient boilers.

The industrial boiler's primary function is to provide energy in the form of steam — a must for most industries. There are two types of boilers — those with capacities exceeding 22.75 litres, which come under the purview of the Indian Boiler Act 1923, and the 'baby' or exempted boilers with capacity less than 22.75 litres. Generally referred to as non-IBR (Indian Boiler Regulations) boilers, the latter do not come under the purview of the Act. Further, boilers may be oil-fired, coal-fired (not permitted in cities like Bombay), agro-waste fired or electric/electrode boilers.

Oil guzzlers. Approximately half the existing boilers are of the low efficiency oil-fired type. Says Nozer Desai, managing director of Laxmi Boilers and a firm crusader for fuel conservation and efficiency, "The country loses in the order of Rs.640 crore every year due to inefficient boilers." And the reasons are quite obvious. Says H.R. Wankhade, deputy chief inspector of boilers for Maharashtra state, "In terms of efficiency, a new state-of-the-art boiler works at around 88 per cent efficiency compared to an old Lancashire boiler which works at 40 per cent." And there are many boilers of the latter type still in operation.

Ironically, even as boiler manufacturers bag export orders and collaborations for state-of-the-art boilers, they are not given much importance locally. Partly represented by the All India Boiler Manufacturers Association (AIBMA), the entire industry congregates only once a year under the auspices of the Central Boiler Board (CBB). At their annual meeting at Calcutta, concluded a short while ago, the issue of efficiency was a major item in the agenda for the first time. But legislation is still to come. Says V.K. Goel, secretary of the CBB, "Efficiency is still a grey area for CBB and discussions are going on to bring it under the board's purview."

According to manufacturers, as of now, at least 2,000 of the approximate 3,500 boilers in the state of Maharashtra need replacing. User apathy and ignorance on the part of the boiler inspector's office are quoted by manufacturers as the main reason behind the regression in the industry. Corruption is said to be rampant, affecting not only the efficiency standards but leading to safety violations and accidents.

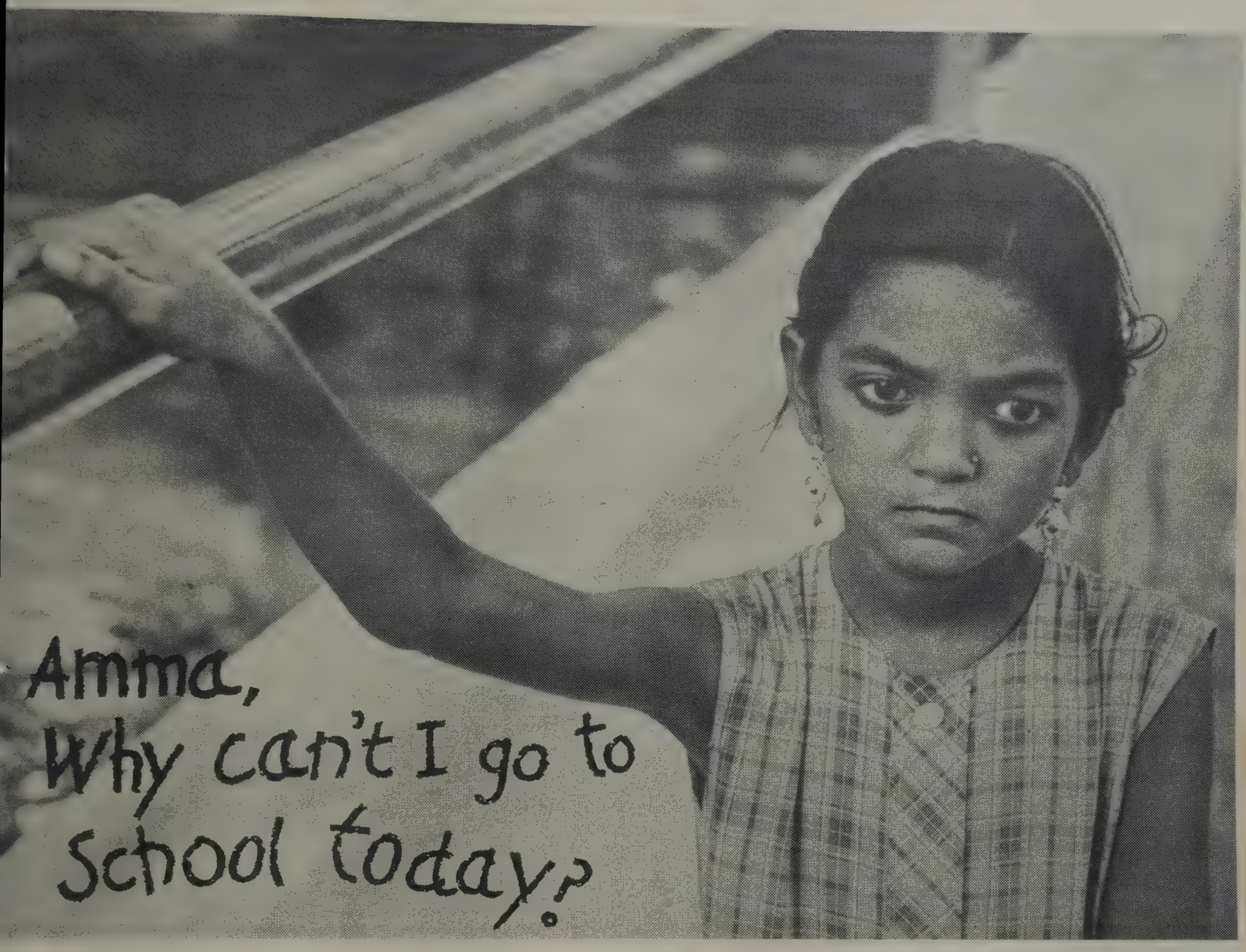
Wankhade says that boilers explode due to shortage of water and other factors for which the user is solely to blame. He, however, dismisses corruption and says it is very rare.

Vinod Shah of Vinosha Boilers, on the other hand, insists that every inspector is corrupt. He insists that the boiler inspectors harass both manufacturers and users. Since inspectors have to pass the boiler certificates, they use every opportunity to extort money. Since the certificate has to be obtained before a boiler is delivered, the manufacturer often has no choice but to pay up. "Otherwise our money is stuck for months," says Shah, who sees no way out of the situation. Though Shah manufactures non-IBR boilers, and does not come under the purview of the Act, he too has to get a certificate from the boiler inspector which certifies his boiler as being legally exempted from the IBR. "And there too I am harassed," says a beligerent Shah.

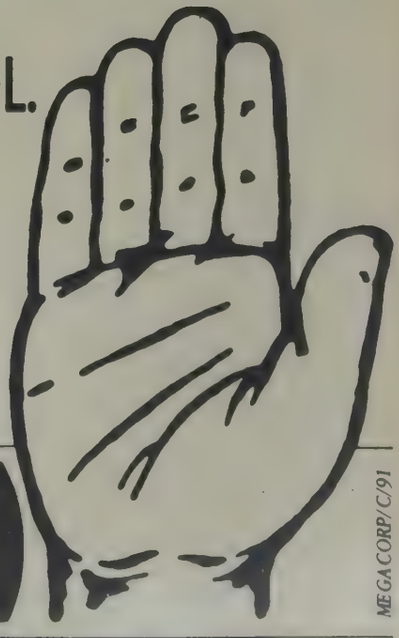
Illegal boilers. Shah puts the number of illegal non-IBR boilers as running into several hundreds; no comment, however, is forthcoming from the inspector's office regarding this. Made in crude workshops and assembled without any technical knowhow, these boilers are potential safety hazards, apart from being highly inefficient. Most accidents involve illegal boilers and are never reported because it would mean closing down the factory. And yet, these boilers continue to be sold and used. Says Shah, "The other day a buyer asked me if I coat my boilers in gold for my price." The same buyer will get a cheap illegal boiler for perhaps one-third the price. The attitude is all that matters. With users claiming that old boilers are



Only half the existing boilers are fuel-efficient



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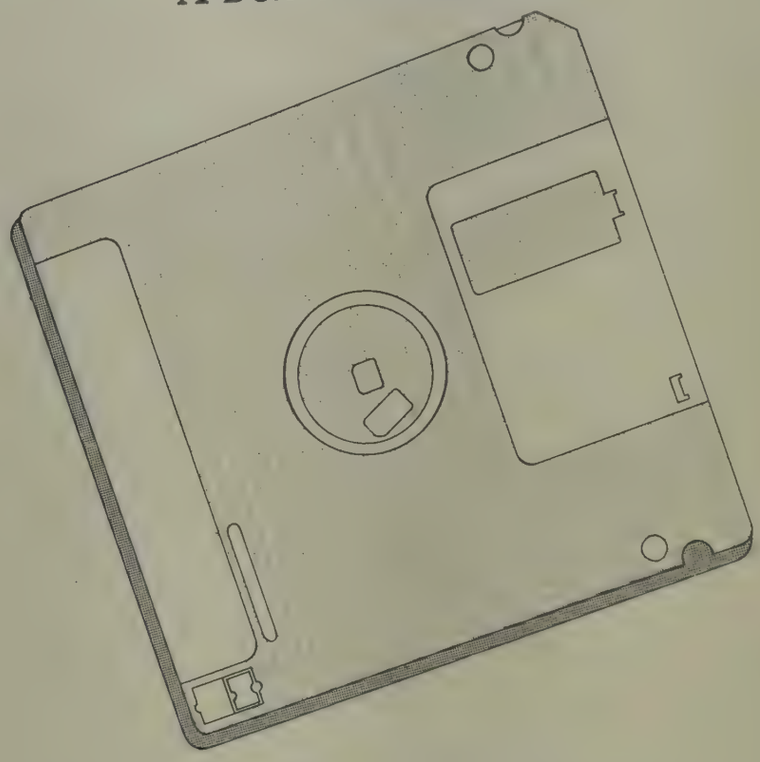
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"working just fine", it is obvious that there is a dire need to educate them. One organisation, the Petroleum Conservation Research Association (PCRA), of New Delhi, which could have played a major role in this regard is seen as more or less passive; an attitude which has angered manufacturers. "They (PCRA) are hopeless," says a manufacturer. "They do not even bother to educate me, how will they educate the user?"

There is an urgent need for development of non-conventional sources of energy. But even as manufacturers offer several fairly viable options, the pitfalls are several. Oil is preferred because of its convenience. For example, an oil-fired boiler can be switched on and off conveniently, compared to a coal-fired boiler, which works like a railway steam engine. Also, so far, oil is relatively easily available, unlike agro-wastes. And due to high transport costs, agro-wastes would find application only in areas where they are generated. Gas, which is a good pollution-free fuel, is available only in select areas like Surat and Ankleshwar. Says Rusi Engineer, chairman of AIBMA, "We were promised gas in Bombay six years back. The state government was also keen. But nothing has materialised."

The original boiler regulation Act dates back to 1929, when there was no indigenous manufacture and safety was the only issue. And like most other British framed Indian Acts and laws, except for a few modifications, things have not changed much. And as long as nothing is done in this regard, the industry is not likely to do well in the near future.

■ GOVINDRAJ ETHIRAJ with MADHUMITA BOSE in Calcutta

RURAL MARKETING FAIR

A unique experiment

In March this year, students from the marketing association of the Xavier Institute of Management conducted the Third Rural Marketing Fair at Harirajpur, a village about 25 km from Bhubaneswar. The fair dispensed with the traditional method of market research based on questionnaires. Instead, it introduced specially-designed marketing games from which researchers obtained valuable insights into consumer psychology.

The games were built around simple themes: airgun shooting and hoopla for example. There were also others, such as the game of bullockcarts to see if rural consumers are aware of the fact that soaps have different weights. This game involved a race of toy bullock-carts loaded with soaps of different weights. Results showed that rural consumers knew the difference in the weight of soaps well.

Unique effort. S. Govindrajan, the association's co-ordinator, explains that such a fair makes sense. Many companies have realised that there is a vast potential in the rural markets especially for consumer products like toothpastes and detergents. So, 80 per cent of the participants in the fair were consumer product companies.

The marketing fair at Harirajpur was unique because it was held to coincide with the *dola yatra*, a local festival for which around 200,000 people converge. So it had plenty of rural visitors. However, the disadvantage in this was the fact that they were mainly from coastal Orissa; so the conclusions drawn from their behaviour do not reflect the real picture of the rural market.

Nevertheless, top notch companies participate in this fair. This year's participants included Ampro Biscuits, Amul, Asian Paints, HMT, Reckitt & Coleman and Tata Tea. Among the companies that took part in 1990 were Crompton Greaves, Hindustan Lever, ITC and Shaw Wallace. Another welcome addition this year was the the participation of banks and government departments. This year's wide participation is indeed remarkable, for in the first fair, held in 1989, all clients were drawn only from Bhubaneswar!

The benefits of the rural fair are two-fold — companies get authentic, unbiased data about rural markets at a minimal cost. And the members of the marketing association gain valuable experience. They interact with clients, getting first hand experience of market research and a feel of the burgeoning rural market.

So, what are the broad conclusions that can be drawn, now that the fair has been held for three years running? One, the price-quality relationship is clearly understood in the rural areas; they know the higher the price, invariably the better the quality. Two, brand awareness about low involvement products like tea, soaps and toothpastes is becoming very high. And three, the world-of-mouth message still remains powerful.

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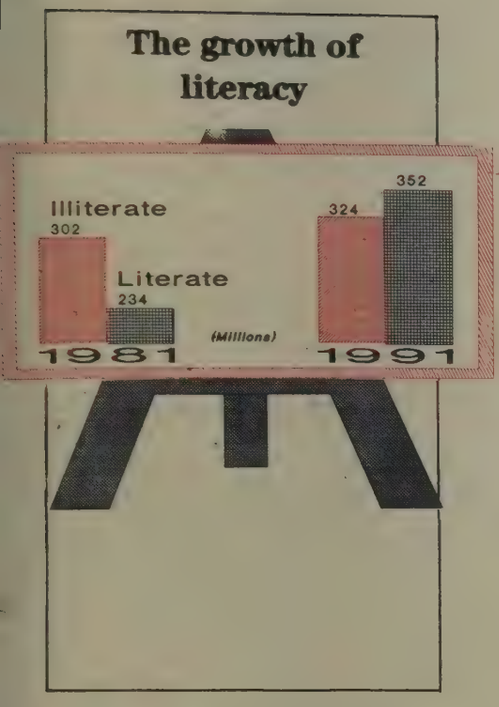
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The literacy population nexus



The provisional results of the 1991 census indicate very ominous trends. The country's population was enumerated at 844 million, up by 161 million over the 1981 level. This works out to an annual increase of 2.1 per cent over the period, which is not significantly different from the 2.2 per cent growth in the sixties and seventies. This means that in absolute terms the annual increase has gone up from 15 million in 1981 to almost 18 million in 1990. If the current rate of growth continues India will be the most populous nation in the world by the year 2025 AD.

This high growth rate in population belies the efficacy of the various family-planning programmes undertaken and the thousands of crores spent over the years. The Sample Registration Data suggests that during 1980-82 and 1987-89, birth rates declined by almost three points from 33.8 to 31.3. But this decline was partly neutralised by a fall in the death rate from 12.3 to 10.7.

Merit in change

The interesting and relevant aspect of the census is the literacy rate. The 1991 census has modified the practice of computing literacy by including only those above the age of seven as against the total population. There is merit in this change as children are not expected to begin their schooling before the age of seven. Literacy thus computed on an all-India basis was 52.11 per cent. Among the states, Kerala has a literacy rate of just over 90 per cent (one estimate puts it at 100 per cent), followed by Tamil Nadu (63.72 per cent) and Maharashtra (63.05 per cent). The laggards are Bihar (38.54 per cent), Rajasthan (38.81 per cent) and UP (41.71 per cent).

While the national literacy rate is dismal the female literacy rate is a tragedy. It is a mere 39.42 per cent, while the male literacy rate is 63.86 per cent — an increase of 13.28 per cent and 32.50 per cent respectively between the two census periods (1981-91). In absolute terms however the number of female illiterates increased by 16.3 million as against 15.8 million in the case of males.

Illiteracy is one of the major causes of backwardness and the root cause for exploitation. According to an Asian Development Bank study, economic growth and social indicators are co-related. Therefore, it is efficacious to channel resources into education which builds human capital, instead of concentrating on redistributing wealth in the name of egalitarianism and equity.

India's record on spending for education is pathetic. The total expenditure on education in India for the greater part of the period between 1980-81 to 1990-91, as a percentage of gross domestic product (GDP) at current prices, has hovered between 2.8 and 3.8 per cent. It was stagnant at around 3 per cent during the early eighties, but has improved marginally since 1987-88. But as a percentage of total government expenditure, expenditure on education declined from a high of 13 per cent in 1982-83 to 11.1 per cent in 1990-91. In contrast other developing countries like Ghana (25.7 per cent) and Kenya (21.5 per cent) spend much more.

Share of education falls

The share of education in the total plan outlay has declined from 7.9 per cent during the First Plan period to 3.6 per cent in the Seventh Plan. Expenditure on higher education has shown a sharp rise from 9 per cent in the First Plan to around 25 per cent in the Fourth Plan to 12 per cent in the Seventh Plan. But the increase in the share of higher education has been at the expense of primary education whose share fell from 56 per cent in the First Plan to only 29 per cent in the Seventh Plan.

The population growth in the last decade has shown the limitations of family planning. Social indicators clearly show that there exists a strong nexus between literacy rates and population growth. The more literate a population, the slower its growth. Also, it has been found that consumption levels increase with the education level of the chief wage earner.

Clearly greater emphasis will have to be given to primary education in the backward areas of the country if the government is serious about developing its human resources.

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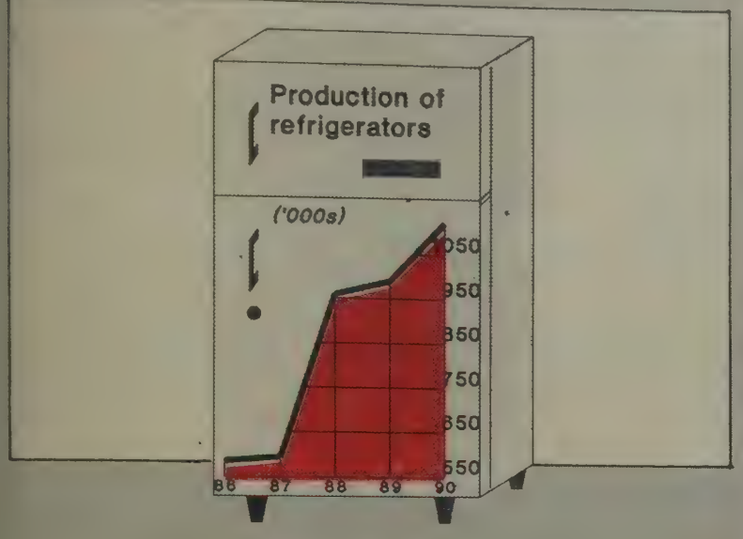
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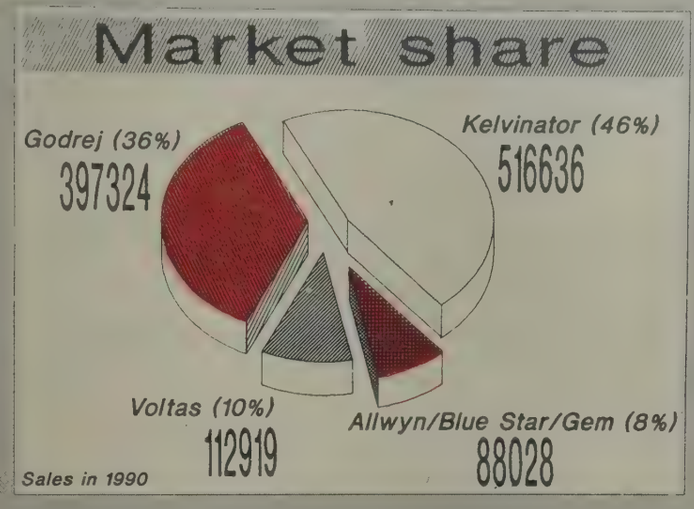
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In the last decade (1981 to 1990), production of refrigerators increased four-fold to an estimated 1,120,000 per annum. The industry has been growing at an average rate of between 10 to 13 per cent per annum.



The major refrigerator manufacturers are Kelvinator, Godrej, Voltas and Allwyn. Kelvinator and Godrej control 82 per cent of the market. With the entry of Videocon, the sales war is going to hot up further.

Wholesale price index. The all commodities index increased by 0.68 per cent during the month under review. In primary articles there was a sharp increase of 12.1 per cent in the price index of fibres. In manufactured products, edible oils and metal products were up 2.9 per cent and 3.8 per cent respectively.

(1981-82 = 100)

	6 Apr '91	9 Apr '91	7 Apr '90	% change over month	% change over year
All commodities	191.9	190.6	172.2	0.68	11.44
Primary articles	197.5	196.2	168.8	0.66	17.00
Manufactured products	189.3	188.1	175.5	0.63	7.86

Consumer price index. The consumer price index for industrial workers which has risen continuously for the past 12 months seems to have stabilised in February 1991 at 202. The index for certain non-manual workers was also steady during this period.

	Feb '91	Jan '91	Feb '90	% change over month	% change over year
Industrial workers (1982 = 100)	202	202	175	—	15.4
Urban non-manual workers (1984-85 = 100)	169	169	145	—	14.96

Bullion prices and stockmarket index. The price of gold was up by Rs.184 (5.2 per cent) during the month under review. Silver was up 3.58 per cent. Due to institutional support the BSE index increased by 4.35 per cent.

	3 May '91	5 Apr '91	3 May '90	% change over month	% change over year
Gold (Bombay)	3,712	3,528	3,510	5.21	5.75
Silver (Bombay)	6,871	6,633	6,674	3.58	2.95
BSE index (1978-79 = 100)	1,272.1	1,218.1	779.2	4.35	63.25

Price of gold is in rupees per 10 gms and silver in rupees per kg)

Money and banking (scheduled commercial banks). During the period under review there has been a sharp increase in aggregate deposits and bank credit by 6.9 per cent and 5.4 per cent respectively. Food credit, on the other hand, is down marginally (0.95 per cent).

(Rs crore)

	29 Mar '91	22 Feb '91	30 Mar '90	% change over month	% change over year
Broad money (M3)	2,63,975*	2,60,597	2,29,654	1.29	14.94
Aggregate deposits	34,896	32,630	33,437	6.94	4.36
Bank credit	1,18,238	1,12,191	1,05,450	5.38	12.12
Food credit	4,569	4,613	1,867	− .95	144.7
Credit/deposit ratio	59.94	59.39	60.77		

** 22nd March 1991*

Industrial production and infrastructure. There has been a slowdown in the growth of industrial production. For the year up to January 1991 it was only 4.01 per cent as against 12.2 per cent in the corresponding period of the previous year. There was a sharp increase in railway freight carried in December over the previous month. For the month of March 1991, production of crude oil, coal, steel and cement have increased significantly.

	Month	Previous month	Year ago	% change over month	% change over year
Industrial production index (1980-81 = 100)	225.3 (JAN)	222.7	216.6	1.16	4.01
Railway freight (million tonnes)	28.76 (DEC)	26.75	27.25	7.51	5.54
Crude oil production ('000 tonnes)	2,910 (MAR)	2,575.00	3,010.00	13.0	− 3.32
Power generation (million units/day)	783.54 (MAR)	770.67	705.29	1.66	11.09
Coal production ('00'000 tonnes/day)	9.2 (MAR)	8.0	7.6	15.0	21.0
Steel production ('000 tonnes)	1,001 (MAR)	804.00	979.00	24.50	2.24
Cement production ('000 tonnes)	4,860 (MAR)	4,122	4,634	17.90	4.87

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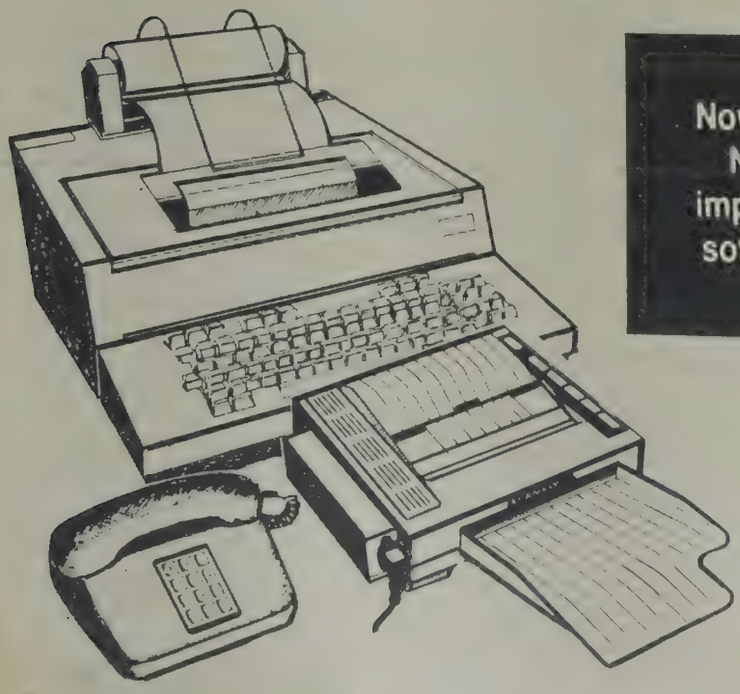
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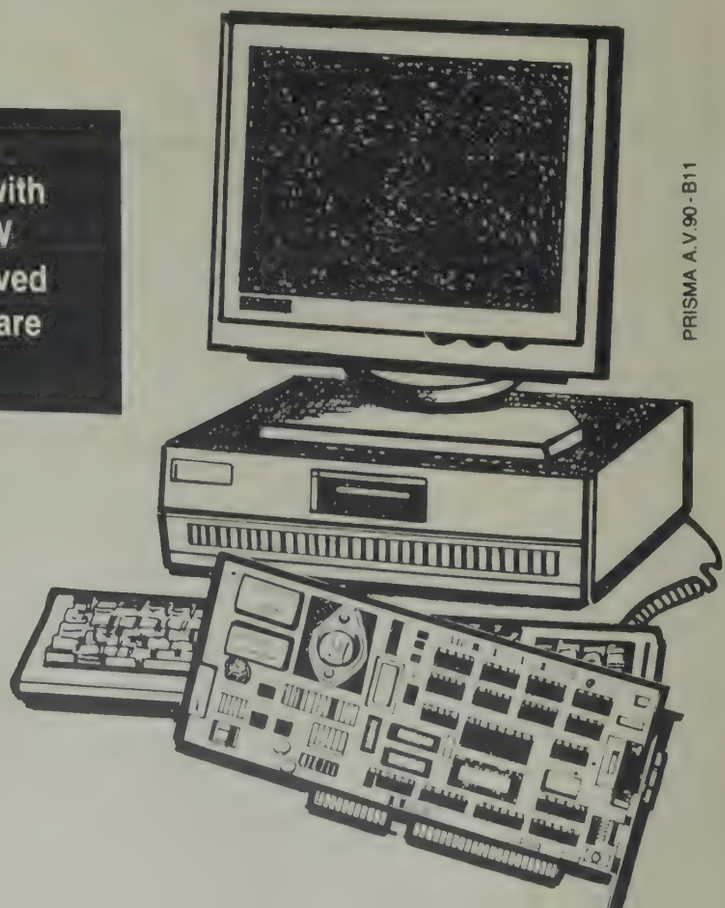
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Hungary and the manifestoes



AMIT MITRA

If we are all tired of the repititive rhythms of electoral promises and bored to death by 'manifesto studies' it is time to rise above the local Indian scene and rethink our economic policy options on the basis of international experiences. Particularly interesting for India is the case of the Republic of Hungary.

A nation that was plagued by a variety of economic problems and depressed over incremental and ineffectual policy reforms, Hungary finally took the plunge in 1988. It braved the most radical and far-reaching polito-economic changes seen in recent history — a phenomenon that was called a "bloodless revolution" by its President who visited India last month. The question is: can India draw any concrete lessons from the recent Hungarian experiences? Further more, could the 'manifesto writers' of our political parties have utilised any of these lessons in formulating the economic reform packages of their respective parties?

After the Second World War, the pro-Soviet communists of Hungary took over power and swiftly nationalised all private industry and introduced Soviet style central planning. However, they faced constant public dissent and were often compelled to initiate cycles of economic policy 'reforms'. The most tragic case of public dissent was the 'people's revolution' in 1956 which was brutally crushed by Soviet tanks and armour, notwithstanding Jawaharlal Nehru's pleadings with the Soviets for restraint.

By 1967, the Hungarian communists had realised that the Soviet economic model had failed miserably to yield the desired economic results. And so they initiated the New Economic Mechanism (NEM), a Hungarian *perestroika* much before Gorbachev. The NEM, announced on 1 January 1968 was to 'liberalise' and 'transform' the Hungarian economy *without* giving up state ownership of industry or central planning or for that matter, the one party communist rule! While it did "... create more elbow-room for market influences and motivation linked to profitability," says Bela Kadar, now the commerce minister of Hungary, the NEM's attempts to bring about change without discarding the old institutions failed to bring the desired results. Then came the era of "managerial socialism".

Slow and torturous reforms were spread over 1978-88, strangely echoing many of the themes being discussed in India today. For example, the idea of making public sector enterprises (PSEs) more efficient through the formation of "holding companies" of the government arose out of this Hungarian debate. (Does the Arjun Sengupta Report of 1985 recommending 'holding companies' for Indian PSEs ring a bell?!) The issue of more autonomy to PSEs was hotly debated and tried in Hungary. Making PSEs more accountable was discussed and attempted. (Familiar refrains!) While there was some loosening of the central planning system, and small private businesses had begun to emerge, substantive results from "managerial socialism" remained illusive.

Thus came the inevitable — a 'U' turn of the entire politico-economic system, transcending the boundaries of mere 'reform'. By the end of 1988, the white clouds of a 'bloodless revolution' had gathered over Hungary. First, came the shift from a one-party communist state to a pluralistic electoral democracy akin to that of India. Then came the legal rights to privately own and operate companies of any size. (No MRTP Act is in sight in Hungary yet!)

Phenomenal growth

The result from these liberal laws was a phenomenal growth of the number of private enterprises. From a mere 450 limited liability companies in Hungary in April 1989, the number swelled to 12,000 by October that year. The total number of private ventures of all types jumped from 14,427 at the end of 1989 to 23,257 by the end of 1990. These staggering growth figures suggest that even decades of stifling communist rule cannot wipe out a latent entrepreneural spirit.

Finally, came the radical liberalisation of the laws on foreign investments. For example, no permit is now required to establish a 49 per cent foreign-owned joint venture in Hungary. (Are you nostalgically reminded of Ajit Singh's industrial policy resolution of 31 May 1990, which proposed 40 per cent foreign equity without licence, but never got through our Parliament?!) A foreign company in Hungary can now hold even 100 per cent of equity in the export industries. Perhaps, equally important is the fact that profits can be repatriated out of Hungary up to a 100 per cent by a foreign company in the currency in which the investments were originally made. Hungary has obviously discarded the empty rhetoric of 'self-reliance' which for us in India, always came with a hefty foreign aid package!

What were the results of these radical policy initiatives in Hungary? Hungary saw the inflow of over $500 million of foreign working capital during the year 1990 while India received a meagre $180 million in 1988. With a population of only 10 million, against India's 850 million, the inflow of $500 million of capital in a year into Hungary is truly mind-boggling.

The lessons from the economic experiments in Hungary over the last two decades can lend a

The author is director, Policy Unit of Business India, *and former director, Center for Asian Studies, Franklin & Marshall College, USA*

powerful and critical perspective to a re-reading of the manifestoes of our political parties. Many ideas tried and discarded by Hungary seem to have found a place of pride in our manifestoes. For example, the National Front wants only to make "... public sector more efficient, providing them with professional management". Recall that Hungary had tried this option during the period of "managerial socialism" and had failed. The BJP's bolder pronouncements would like to make "public sector productive and profitable...." More easily said than done. And then, the BJP may grudgingly invite equity participation in some PSEs "... with adequate safeguards". These so called safeguards are bound to make a mockery of the proposal once the Indian bureaucracy, and particularly the Mr. Can't-Be-Dones in it get their hands on it.

The boldest of the proposals on the PSE issue appears in the manifesto of the Congress (I) which had obviously taken note of Margaret Thatcher's successful politico-economic strategy of broadening the base of support for liberalisation. Congress (I) promises to offer stocks of PSEs to workers and small and medium investors within the first year of its governance and withdraw — read de-nationalise — PSEs within the first thousand days from areas where the private and joint sectors have developed suitable capabilities.

Unfortunately, the proposal falls short in specificity. The Congress (I) could have learnt a lesson from the Hungarian case on this point. Hungarians too began privatisation without specificity and soon began to stumble and fail. It is then that they appointed a minister for privatisation, solely to de-nationalise 30 per cent of Hungary's PSEs by 1995.

The most puzzling is the position taken on PSEs by the manifesto of Chandra Shekhar's party. The very same party which decided to divest 20 per cent of the holdings of the PSEs while in government, now tells us that "productive assets under social ownership and control have to be enlarged". Does this serious contradiction imply that we ought not to take the manifestoes of the SJP seriously at all?

Impervious to international experiments, the manifestoes have taken the most ostrich like position in the area of inflow of foreign capital. The National Front simply dismisses the issue with one glib and ambiguous sentence: "National self-reliance will be strengthened, and foreign collaboration shall be sought only when it helps this basic goal." The BJP fist indulges in some posturing over 'self-reliance' and then acquiesces to allowing foreign investment in the area of hi-tech, import substitution industries and strictly export-oriented industries. Yet, it does not spell out the rules and incentive structures for entry into these areas.

Sadly enough, the Socialist Janata Party (the former JD-S) invokes the supposed menace of a 'foreign hand' before patronisingly inviting foreign investment only "... in areas where we need to upgrade the national production system technologically". Unfortunately, the Congress (I) too holds back on this issue and meekly promises to permit (not invite) foreign investment and technology collaboration to obtain higher technology, increase exports and expand the 'production base'. What it means by the last category is anybody's guess.

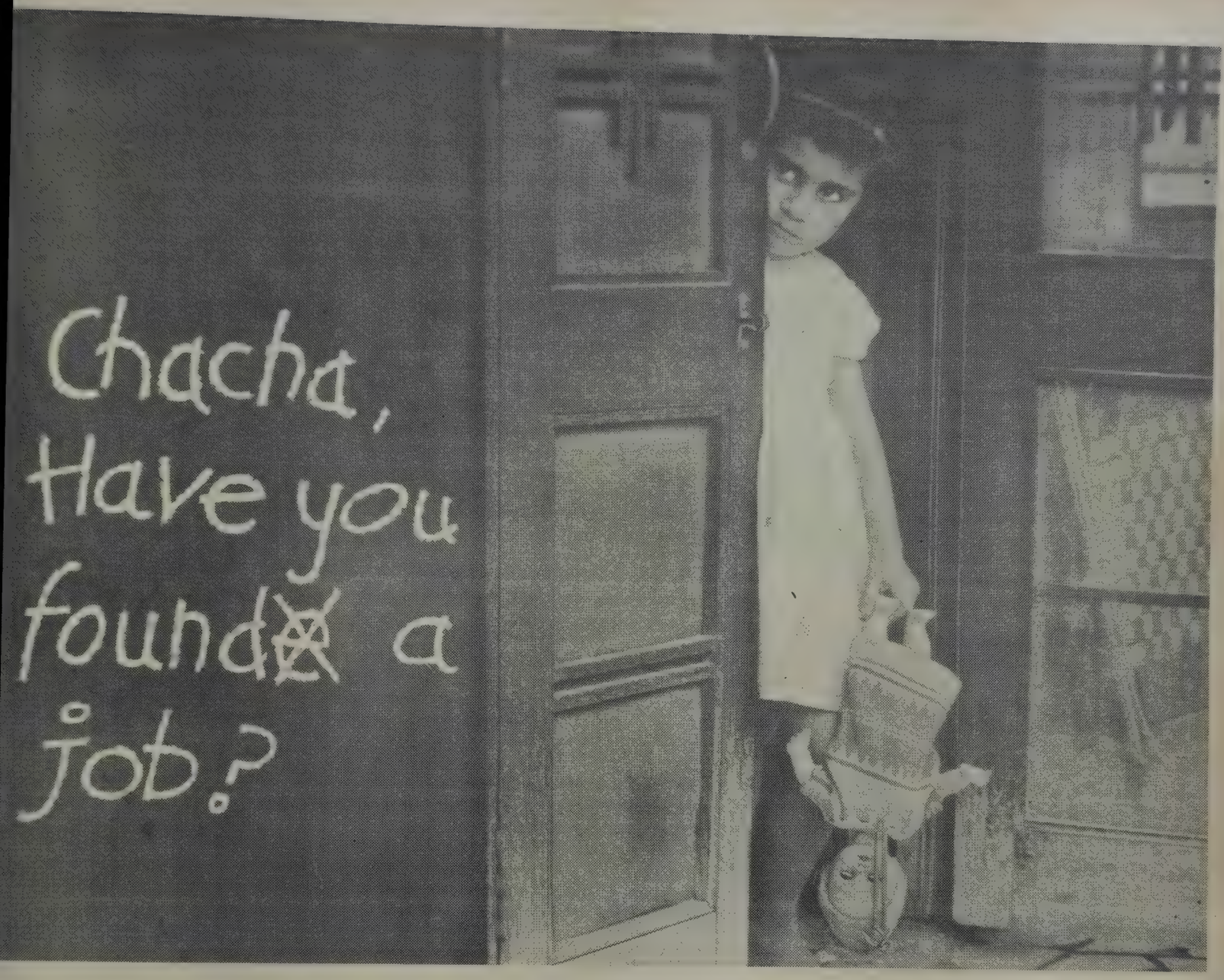
False premise

Obviously, the ghost of the familiar refrain, "They sold out the country", is haunting our political parties. There is also a false underlying premise that hundreds of foreign companies are simply weighting to crash through our door. The fact is, they have many more lucrative options today than they had ten years ago. Hungary is just one of those attractive options.

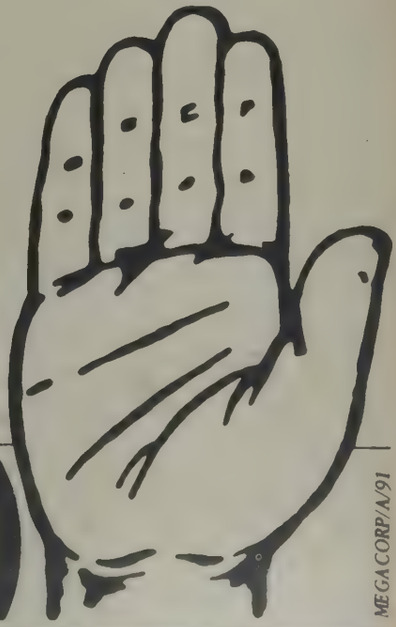
What of the manifestoes of the Communist parties of India in the light of the post-Cold War era? The CPI (M) seems to be still sleep-walking through the cold war decades with only one difference. The international monetary fund has become the biggest villain of the piece now and the US comes only second. Understandably, the CPI (M) wants to guard against any form of de-nationalisation of the PSEs. But, reality compelled it to add that it wants to make the PSEs efficient. Unfortunately, no policy proposal of any sort is offered on how they plan to do this.

What is not surprising is the tame and social democratic position taken by the manifesto of the pro-Moscow CPI. The current confusion on political economy in the Soviet Union distinctly marks the CPI perspective. In a vague and distant manner it concludes: "While firmly adhering to socialism as a goal, the CPI does not press it as the immediate objective in the present stage or our country's development." I guess one will have to wait till the clouds over the Soviet Union lift and only then we will look for useful ideas from the CPI.

What becomes amply clear by juxtaposing the lessons of recent international experiments against the manifestoes of the political parties of India is that our politicians are just not learning much from these experiments. This gives cause for pessimism. If the changed global interconnectness of economies in the nineties leave our politicians untouched, there is cause for alarm. However, there is a rather strange reason for optimism as well. From the lessons of the past let us hope that these manifestoes primarily serve rhetorical purposes. When politicians, in fact, come to power, they will do what the new global reality necessitates. Hopefully, they would be dictated by reason and not rhetoric.



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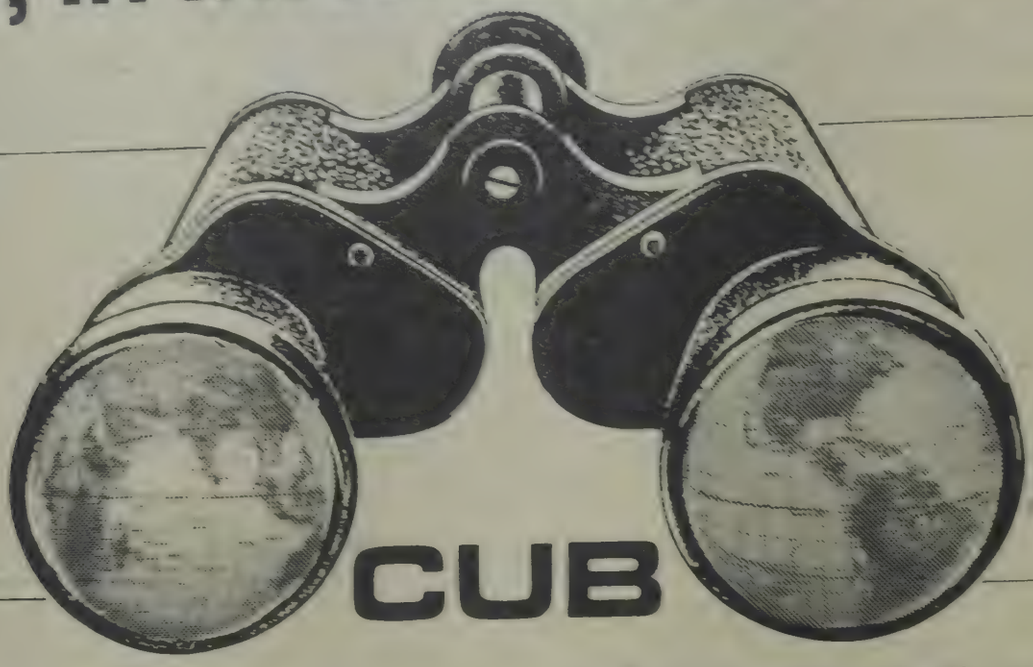
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Is the waiting over?

The fourth round of bidding for oil exploration has had a tortuous history, the delay extending over two years. But anyhow, the waiting appears to be over for foreign drilling companies.

Tenders for the fourth round of bidding for offshore blocks to foreign companies are likely to be floated the moment a new government resumes at South Block in June. Many of the blocks offered, it is believed, will be to restore damaged wells rather than for fresh exploration. Oil exploration being an expensive exercise, and India experiencing severe foreign exchange constraints, the government has little choice but to resort to this.

Stars in the fray



Bachchan: shackled by controversies

Film and television stars are back again with a vengeance in the forthcoming general elections. Old faces like Sunil Dutt (who is contesting from Bombay) vie with new ones like Rajesh Khanna (who is contesting against L.K. Advani from new Delhi on a Congress (I) ticket) for attention. However, it's Gujarat that has taken the cake with a bagful of film personalities contesting. If from Baroda it is Deepika Chikiliya (Sita of the tele-serial *Ramayan*), it's Arvind Trivedi (Ravana of the same serial) from Sabarkantha and Mahesh Kanodia (a Gujarati film producer) from Patan constituency.

And it seems, many of them are on a winning wicket, more so because of BJP backing than anything else. Though campaigning has begun in earnest, most of the stars are still busy completing their shooting schedule. And most of them know little about politics.

Parliament of the eighties was 'graced' by stalwarts like Amitabh Bachchan and Vijayantimala. But it didn't take much time for them to find out that politics was not a bed of roses. Embroiled in scandal and controversy, Bachchan bowed out, admitting that it was all a mistake. Vyjayantimala, though spared the ignominy of scandals, was disillusioned all the same.

So now, it's Gujarat which will provide new glamour to the portals of the Parliament House, now that Amitabh Bachchan and Vyjayantimala have faded out of the political firmament.

CM grounded

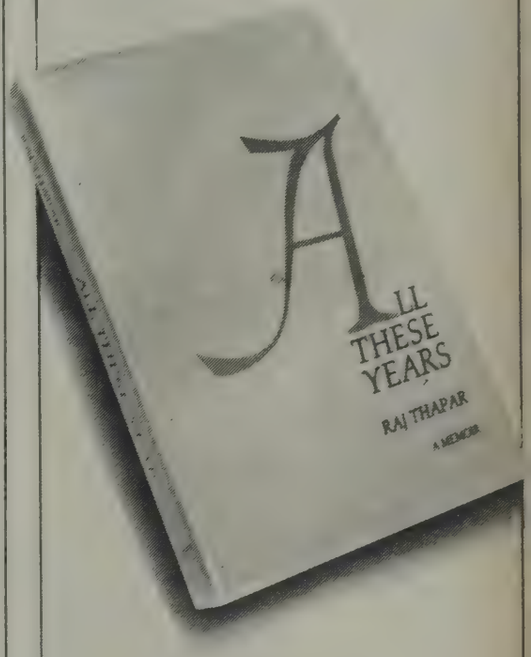
General elections always tend to bring out the worst in people and machines, especially when the people are politicians and the machines, of the flying variety. As the chief minister of Madhya Pradesh, Sunderlal Patwa, found out to his great discomfort. He was to visit Gujarat last fortnight to address some BJP rallies in the state. To facilitate his visit, the Gujarat state BJP office had hired the state government's ageing Dakota to fetch Patwa from Bhopal. But as luck would have it, the aircraft developed serious snags and had to be grounded in Indore, much to the discomfort of both Patwa and the Gujarat BJP bigwigs. Not only was Patwa stranded at Indore (since he couldn't go back to Bhopal for lack of an aircraft), he also could not reach Ahmedabad to address the rallies. Late at night, the BJP party office desperately tried to get L.K. Advani's helicopter from Delhi but it was not available either.

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ELECTION 1991

RAM, STABILITY, MANDAL ... but what about the economy?

The decisive issues of this election are no longer confined to the religious outrage-communal insecurity-reservations formula. Economic questions have come to the fore, as the main contenders have only now realised, despite their efforts to project 'stability', 'Ram rajya' and 'social justice' as the real concerns. And the voter has perhaps never had a more uninspiring choice of rulers

For L.K. Advani, the contrast must have been painfully apparent. From the frenzied thousands who escorted the *rath* on his *yatra*, the reality of the 1991 general elections appeared in the form of a pitiful 100-odd souls who listened to him at Sarojini Nagar, New Delhi.

In Kishenganj in north Bihar, Rajiv Gandhi faced a bored crowd. In this predominantly Muslim constituency, Congress spokesman M.J. Akbar is defending his seat. He began campaigning by speaking of secularism and then fell back on promises of roads and bridges for the district.

A crowd in Bharatpur, Rajasthan, listened patiently to BJP leader Atal Behari Vajpayee, perhaps more attentively because of the areas he spoke on — India's external-internal debt trap, employment for all and population control. Surprisingly, the Ram Mandir issue remained in the background. Says Jagdish Tytler, the Congress (I) candidate from Delhi Sadar, "I am stressing more on economic issues which are being faced by this country."

In Orissa, chief minister Biju Patnaik launched his campaign in Puri by thundering: "The Centre could neither provide funds for big projects, railway lines and for the development of the Paradip and Gopalpur ports; nor did it allow the state to exploit its own mineral and other resources. I am ready to turn rebel for the cause of my people."



The mind of the voter

These incidents reveal the mind of the 1991 voter. Reports from across the country reveal widespread indifference among the electorate. Party workers blame the weather. But the relatively poster and slogan-free walls, infrequent loudspeakers and smaller campaign convoys tell a different tale. The voter is spurning the vote-seeker. The major parties then, are desparately trying to change their emotive issues in mid-campaign. This often means switching from so-called national issues to local problems halfway through a speech. In Haryana, for example, Bansi Lal, who has just broken away from the Congress to launch his own party, Haryana Vikas Party is promising: "Gaon gaon me sadke, gaon gaon me nalke" (roads in every village, water in every village).

In the capital, the BJP has erected large billboards which display the movement of prices of essential commodities in the last year. The cutouts and posters of the Ram temple have yielded to a last-minute attempt to decry the financial bottomline. Instead of

Ram, the BJP has started highlighting the failure of the Nehruvian model of socialism practised in the country since Independence. Says general secretary Govind Acharya: "We are pointing out that this model has not led us anywhere. It has just meant appeasement of minorities, the lack of a clear approach to policy making and the absence of firm implementation of policies. We are also highlighting that there have been distortions in fixing economic objectives. We are trying to translate the Ram issue — which many have perceived as a religious issue — into a national issue."

In Rajasthan, the Congress(I) now rushes across the stability plank with a single sentence; "Our party will provide stability if elected to power". The rest of the campaign focuses on the Centre's inaction on the economic and development fronts. "The nation is in peril. Its unity is in danger" is the Congress(I) campaign theme. That this old line has been resurrected only points to the paucity of ideas in the party. But at local levels, candidates and regional bosses are articulating local economic issues on their own.

Steadfast on Mandal

With its chronic disorganisation, the Janata Dal cannot quickly change its stand. Moreover, the intensity with which V.P. Singh promoted Mandal makes it well nigh impossible to deviate. Singh remains steadfast: "I am setting the agenda for all political parties. Even if I do not form the government, every party will be forced to deal with issues I have raised. Look how the Congress was pressured into including Mandal in their manifesto."

Meanwhile, previously sanguine candidates are quickly discovering what really bothers the voters. Uma Bharati, the fiery BJP candidate from Khajuraho, MP, confessed: "I am finding it difficult to convince my electorate that I had to be in Ayodhya. They are asking me where I was when Khajuraho was facing a water shortage."

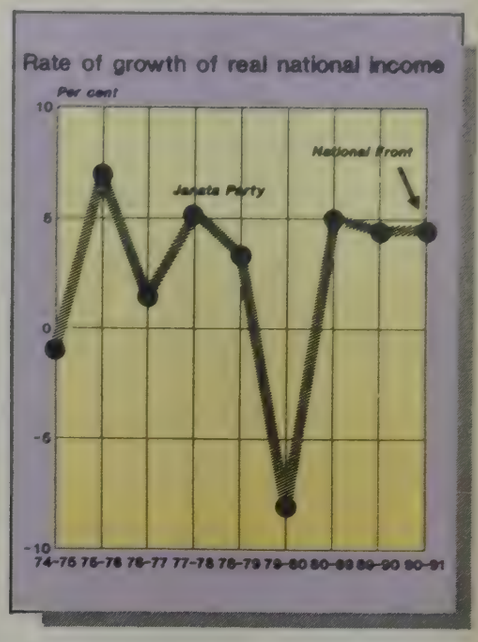
In Kangeyam, Tamil Nadu, AIADMK supremo Jayalalitha is seeking votes from a cynical constituency. Says a teacher: "There is not a single party or a politician who can understand the magnitude of the diverse problems we face."

Former deputy railway minister and Janata Dal candidate Ajay Singh is also learning the hard way. Far from using Mandal as a passport to his second term, Singh is repeatedly having to answer why the electronics factory he promised for the city during the 1989 elections has not materialised. In Bhopal, sitting BJP MP S.C. Verma is hard pressed to explain to farmers why the loan waiver scheme was implemented so late.

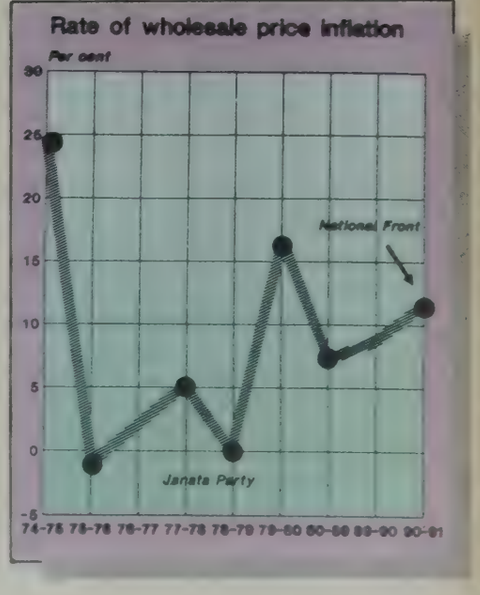
By and large, in previous general elections it has been political parties which have set the agenda for the polls. Consider 1971, when Indira Gandhi romped home with her powerful "Garibi Hatao" slogan. Or 1989, when V.P. Singh, by continuous repetition made Bofors and corruption in high places the central issue of the elections. Through the National Front rule and the short-lived Chandra Shekhar prime ministership, the three main parties sought to thrust their 'national' issues down the electorate's throat.

Return to reality

Now, after the immolations and the assault on the Masjid, it is a return to ground realities. Today, only in pockets of Bihar, Maharashtra and Uttar Pradesh does Mandal remain an issue to the Dalits who have not had access to white collar jobs so far. Hindutva hype remains largely confined to Gujarat and urban centres. But even in Gujarat chief minister Chimanbhai Patel speaks of a 'new Gujarat'; he speaks of the Narmada project, groundnut oil prices, unemployment and more industrialisation. That the major parties have misread the voter's mind is clear from the example of Madhya Pradesh. More than half the state's population comprises scheduled castes, tribes and other backward classes. Yet, the Janata Dal has been unable to make Mandal an issue here. And instead of a Ram-and-roti offensive, the BJP is being forced to discuss its own performance in the state it has ruled for the last 18 months.



Says an election analyst: "It is not really surprising that the parties are unable to captivate the masses with their agenda. Take the Congress(I) and its stability theme. Stability as a slogan has lost its edge because the stability of the Congress is being viewed as stagnancy. Moreover it was useful when there was no other serious contender to power." As for the Janata Dal, "At the surface level their appeal is strong but to emerge victorious, organisational infrastructure and publicity also matter. Here the JD is a total zero. It does not have a party base."



Given this scenario, voter turnout on 20, 23 and 26 May is certain to be low. Faced with an uninspiring choice and little and belated recognition of the true problems, many voters will simply not vote. Others, although apathetic, will still cast their votes, if only to exercise their franchise. But who could they vote for? There appear to be four courses of action for the mechanical voter: a vote for the candidate perceived to be the lesser evil, for a locally popu-

ECONOMIC MANIFESTOES

Election gambit

The economic manifestoes of the four major parties in the fray reveal many contradictions and inconsistencies. Certainly, some of the confusion is a reflection of the conflicting pressures political parties must deal with at election time. But most of it appears to be the result of an attempt to appease wildly different constituencies without even a minimal effort to mesh the proposals together into one sustained, workable policy. Thus to a large extent, each manifesto appears to be more of an election gambit than a serious economic blueprint.

The manifestoes also reveal the tensions of a society that is in transition. Socialist and autarkic ideals from the days of Independence jostle with pragmatic concerns about efficiency and productivity. And old election rhetoric about more jobs and more houses, among other things, returns juxtaposed with talk more attuned to undeniable economic realities. The overall effect is one of an uneasy mingling — of what has been tried and tested but is now outdated, with the new challenges that cannot be dismissed.

Surprise from the BJP. Surprisingly, the BJP's economic plan reveals an acute understanding of some of the new economic issues that confront the nation. Its manifesto says, for example, that the party will put statutory limits on the budget deficit, reduce the revenue deficit to zero and ensure that the state eventually withdraws from all commercial activities. On the other hand, the old knee-jerk rejection of an open-door policy for foreign investment lingers. And some hare-brained proposals — one of them essentially says all companies must have operations that are foreign exchange neutral — have crept in.

The Congress(I) is the only party which seems to have realised the importance of freeing the financial sector from stifling controls. The manifesto says the private sector will be allowed to launch mutual funds and is categorical that both the private and nationalised banks will be allowed to raise offshore funds. It is also the only party which has promised a stable tax regime. However, it says little about what it will do to control the burgeoning budget deficit. And a misplaced avowal of the planning process and the public sector raises disturbing questions.

The National Front plan appears to be largely unaware of either economic realities or the changes that have already occurred in the economy. It is also more openly an electioneering prop than the manifestoes of the Congress(I) and the BJP. It has promised to eradicate unemployment in a decade, for example. And promised to "rationalise" the income tax rates to ensure a more equitable distribution of income. It has also proposed a ceiling on urban property and other "unproductive" assets. No mention is made of steps that will be taken to control government spending. And beyond saying physical controls on industry will be replaced by fiscal incentives and disincentives, there appear to be no real strategies which could unchain the private sector.

The CPI(M) has produced a manifesto that could only have been written by a party that lives in its own world. It calls for the nationalisation of jute and cotton textile mills. And fiercely demands that the nascent economic liberalisation that has already produced some striking results should be junked. The most fatuous of its bizarre points is one that says the right to work ought to be a fundamental right enshrined in the Constitution. In sum, this is a manifesto produced by people who know they will never govern the nation and so can merely voice ideological predilections.

Uncertain outcome. Perhaps in no other election has the outcome been so uncertain than it is in this one. But if a hung Parliament results, political realities will impinge on the economic plans these manifestoes have drawn out and confuse them further. What will be the real economic policy, for example, of a Congress(I) government that crucially depends on the CPI(M) for its survival. What will the BJP actually do if it comes into power? Will it get so enmeshed in Hindu revivalism that it pays scant attention to economic questions? And what if Rajiv Gandhi returns? Will he act as if he has reclaimed a dynastic privilege or will he act with good faith and good reason?

India has never been at a more crucial juncture in her brief history after Independence. Wrenching economic change is essential if she is to grow and prosper. But change raises questions that leaders must be able and willing to tackle. Sadly, no politician today seems to have either quality in abundance.

■ NAVAL B. GHIARA

lar candidate; for a party with local organisational presence; or for a candidate perceived to protect economic interests.

Tau still popular

Devi Lal is a good example of this last choice. The national press may condemn him, but all the farmers in Haryana still adore him, Chautala notwithstanding. Says Mukhtiar Singh, a farmer from Hissar district: "Why should I not vote for Devi Lal. In 18 months he increased the prices of wheat by 50 per cent. He removed sales tax on tractors. There is no *kisan* in Haryana who did not get at least Rs.5,000 from the government under one scheme or the other."

Veteran politician, Madhu Limaye, however, has a different view of voter behaviour: "While for assembly polls local grievances may hold water, for the parliamentary elections, the local issues cancel each other out between the different assembly segments and Lok Sabha constituencies. Then caste, religion and commitment to party comes into play. This is where the Congress may score, while votes may be divided over caste and religion between the Janata Dal and BJP. The fact that the Congress has an all-India presence, which the other two lack, will help it become the single largest party in Parliament."

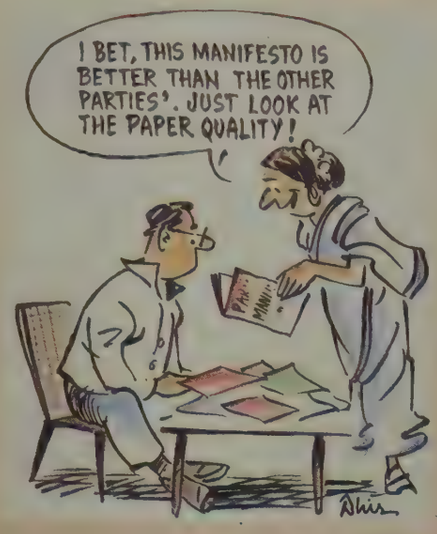
According to a political analyst, it is only the non-committed voter who will rationalise and cast his ballot in keeping with his economic interest in the Lok Sabha poll. But the analyst adds that Indians largely vote along caste or religious lines and when confused vote for a party they have traditionally supported. Thus, if the Yadavs in Bihar decided to vote for Laloo Prasad Yadav's party, it is because they perceive that Laloo will take care of the economic interests of the community. Similarly if the Muslim masses in the country, by and large, decided to vote for Congress(I) or the Janata Dal, it will be because of their perception that their economic and other interests are safe with these parties.

It is only in the last few days before the elections that the floating votes, which form a substantial number, get commit-

THE PARTY LINES

The Bharatiya Janata Party promises

- A White Paper on the state of the economy will be prepared.
- The annual growth rate of the economy will be raised to 7.5 per cent.
- The state will retreat from commercial activities and concentrate on providing law and order, justice and social welfare.
- The Reserve Bank will be given operational autonomy.
- A statutory ceiling will be imposed on budget deficits.
- Deficits on the revenue account will be reduced to zero.
- Non-development expenditure will be drastically cut.
- The highest rate of income tax will be brought down to 40 per cent.
- Annual incomes up to Rs 48,000 will be made income tax free.
- All investments in approved private and public organisations will be exempted from wealth tax.
- The Centre will share corporate income tax revenues with the states.
- The excise duty on mass consumption items will not be hiked for five years.
- Octroi will be abolished.
- Uniform sales taxes will be established throughout India.
- Cattle and crop insurance will be introduced.
- Parity between agricultural and industrial prices will be maintained.
- Foreign investment will be encouraged only in high-tech and import-substitute products.
- Controls on business will be reduced. The Industrial Development and Regulations Act will be replaced by an Industrial Development Act.
- MRTP provisions will apply to all business houses with assets above Rs.1,000 crore or with more than a third of the market share.
- The role of the public sector will be reconsidered. Public participation in the equity of public sector units like hotels, trading organisations and consumer goods manufacturers will be allowed.
- The corporate sector will be held responsible for maintaining a balance between exports and imports. That is, a trade balance at the level of each unit will have to be maintained.



The Congress (I) game plan

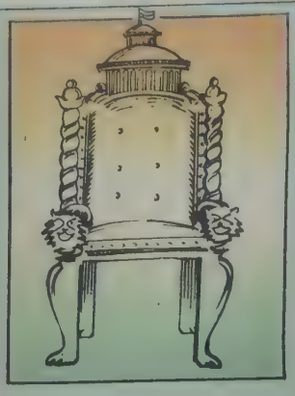
- Nationalised banks will be made more efficient.
- All banks, even private ones, will be allowed to raise offshore funds.
- The private sector will be permitted to launch new mutual funds.
- There will be no income tax hikes.
- Direct taxes will be held stable for five years and indirect taxes throughout each fiscal year.
- India's external debt will be managed better. Disbursement delays in externally assisted projects will also be prevented.
- Tax exemptions will direct investments to areas like housing, roads, bridges and non-conventional energy.
- Interest rates for small savings will be hiked.
- Non-development expenditure will be cut by 10 per cent in the first year. The same level of spending will then continue for the next two years.
- Planning will be decentralised and performance budgets will be instituted to report actual plan achievements.
- A national drive will establish accurate and easily verifiable land records.
- Agricultural support prices will be linked to the dearness allowance index.
- Employment at the rate of 3 per cent per year, 1.4 percentage points more than the present rate, will be generated.
- The public sector will gradually withdraw from areas where the private and joint sectors have developed strong capabilities.

The National Front proposals

- The economic structure will be made more equitable.
- Ceilings will be imposed on urban land holdings.
- Direct and indirect taxes will be rationalised to improve the redistribution of income.
- Planning will be used to reduce sectoral and regional imbalances.
- Interest rebates will be offered on farm loans.
- A national policy on agriculture will be announced.
- Land reforms will be made.
- The thrust in industrial development will be on employment generation.
- The public sector will continue to command the heights of the economy but its managements will be professionalised.
- Physical controls over industry will be replaced by a regime of fiscal incentives and disincentives.
- A new Industrial Relations Bill will be introduced.
- An Agricultural Labourers Bill and a Construction Workers Bill will be introduced.
- Unemployment will be eradicated in a decade.
- A new tax on urban property will be levied the proceeds of which will be used to improve slums.
- Special provisions will be given to the small-scale sector.

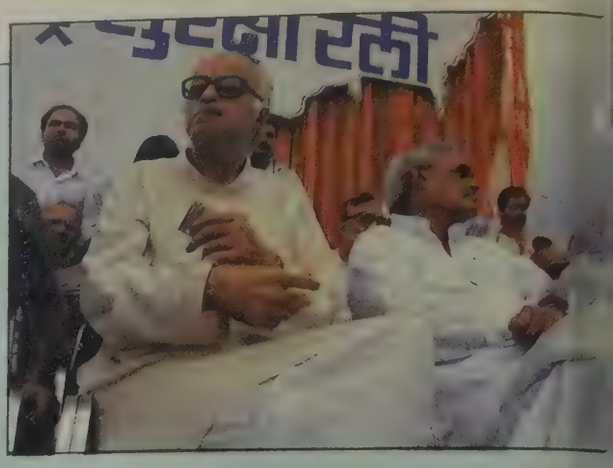
The CPI (M) credo

- IMF-World Bank dictated economic policies will be repealed.
- India's economic independence and self-reliance will be upheld.
- Direct taxes will be hiked.
- Indirect taxes affecting the common man will not be hiked.
- Land reforms will be implemented.
- Jute and cotton textile industries will be nationalised.
- The growing penetration of multinationals into the economy will be checked.
- MRTP provisions will be tightened.
- The right to work will be embodied in the Constitution as a fundamental right.



Given a chance....

The three possible contenders to the prime ministership of India were caught in the middle of their hectic campaigns — BJP supremo L.K. Advani in a plane, Congress (I) president Rajiv Gandhi at home, and Janata Dal chief V.P. Singh while driving from one rally to another — and they answer queries on the economic agenda they would adopt if they form the government:



On how the budget deficit will be controlled

Advani: It is a problem. The nation is reduced to begging for handouts from the developed countries. The distortions which have entered the economy will have to be removed first. We want to impose a statutory ceiling on budget deficits. We will ensure operational autonomy to the RBI. Non-development expenditure will be cut drastically.

Gandhi: We will restrict deficit financing to manageable limits. Instead of financing development expenditure through borrowings, what we plan to do is to try and base our revenues on making public sector units much more profit-oriented. We do not plan to raise taxes but we will make collection more effective. We will also give tax exemption on profits in areas like roads, schools, supply of drinking water, etc. We will cut non-development expenditure by 10 per cent in the first year and continue to maintain the level every year.

Singh: First curb expenditure. Go in for zero-based budgeting and work out more imaginative ways of raising revenue. I do not believe in high taxation rates. I would rather impose reasonable rates with firm implementation. Why encourage people to create more black money?

On cutting subsidies to curb expenditure

Advani: I would not readily do so. Subsidies ensure the availability of certain essential commodities to the common man at fair prices and we cannot, overnight, change the situation. What we should guarantee is that these subsidies reach the underpriveleged instead of benefiting those who do not need them. In this regard, some changes in the present arrangement can be made. We are in favour of continuing agricultural and fertiliser subsidy.

Gandhi: Subsidies for foodgrain will have to be maintained at affordable levels, for the poor.

Singh: We will give subsidies only to target groups. For instance, subsidies for chemical fertilisers will be cut and further research on bio-fertilisers will be given top priority.

On generation of employment

Advani: We plan to launch an employment guarantee scheme in a phased manner and also introduce the contributory family pension scheme to cover the daily wage earner. Our development policies are all aimed at doubling our growth rate and so getting rid of unemployment.

Gandhi: Through massive investment in agriculture and labour-intensive industries. In fact, through all our *yojanas*, collectively we plan to generate 10 million new jobs per year.

Singh: We will have to work within the resources available. We will not give dole but try to create employment (not necessarily white collar) for all, in a phased manner. We will also make sure that backlog in all jobs in government for scheduled castes, tribes and backward classes is filled as soon as possible.

On tackling inflation

Advani: We will abolish deficits on revenue account and cut capital accounts deficit to half. We also plan to maximise production and lower costs through technological upgradation. Overhauling the public distribution system is also on the agenda. It will make available at nominal prices not only grains, sugar and kerosene but pulses and cooking oil too. We will enforce the Consumer Protection Act and initiate a consumer movement to make sure that the buyer gets what the government promises.

Gandhi: The very fact that we are coming to power will have a good psychological impact on the people, because fear of a stable and secure government in the Centre will check blackmarketing and hoarding at least to an extent. We think we will also be able to push back the prices of diesel, kerosene, salt, electric bulbs, cycles, smokeless *chullahs* and inland letters to July 1990 levels. That should certainly have an overall impact on prices.

Singh: It cannot be done 'instantly'. There are certain long-term measures, which must be taken to inject an anti-inflationary trend in the economy. The first problem any government will have to tackle will be to secure the IMF loan. After the fire-fighting is over, we will have to start tackling the BoP problem seriously. We will have to have an organised strategy for export, to build up our foreign exchange reserves again. Exports where the net foreign exchange revenue is high should be given more incentives initially. Once the balance of payment is favourable, inflation will be automatically curbed. There is no point in going in for short-term gimmickries like the reduction of the oil price, etc. But we will expand and streamline the public distribution system for some immediate relief.

On reforming the public sector

Advani: A novel idea is to set up a national management cadre from which public sector can draw trained professionals. We will also introduce workers' participation from shop-floor to board room in all public sector projects.

Gandhi: We will allow the sector to lead in areas of national importance, especially in the exploration of new frontiers where substantial investment is required, but phase it out of areas





where the private sector is ready to make an entry. We will sell stock off, not only to workers but to small and medium companies so that the management of these units will have to become more accountable.

Singh: We will give them more freedom to operate and allow labour to buy shares in the company concerned. Also labour will be given a chance to participate in management. Their involvement will certainly improve the performance of this sector.

On foreign equity in Indian companies

Advani: Generally yes. But in our overall strategy, we would be reluctant to admit foreign collaboration in low technology areas, as the strategy lay considerable stress on employment. We do not, however, want to be inhibited and want to consider these issues pragmatically. To garner foreign exchange, we do have special schemes for NRIs. One is the setting up of science-based industrial parks for them. We are also rethinking on linking the Indian rupee to a basket of currencies.

Gandhi: We will allow it only in industries which will promote our exports and production base through high technology.

Singh: Yes. in hi-tech and need-based areas. We will allow time-bound investment, which should be repatriated after a certain period. The debt service ratio is becoming unmanageable. It has to be cut but in certain areas we may have no option. For instance, valuable gas is being flared, and we do not have the capacity to capture and utilise it all. So, it is wasted. The government must think and act fast. In such cases, I do not mind the entry of foreign firms. But we will demarcate clearly, the areas for tiny, small, large and multi-national sectors.

On the entry of multi-national corporations in key sectors and consumer goods industry

Advani: Not in consumer goods sector. But in high technology areas there should be no hesitation about their entry.

Singh: We are open to proposals on it.

On private sector reform

Advani: The Indian economy has suffered in the past because of highly centralised planning and too many uncalled-for controls. And certain issues which may have had relevance at some time have become outdated, like public sector commanding the economy, etc, etc. The country must break free from the stranglehold of these ideas. So we are in favour of liberalisation and greater public participation in public sector units, particulary those which have more to do with tourism, hotels, telecommunications.

We are generally disinclined to give monopoly control to the state in any sector of the economy except where the integrity of the country is involved and where decontrol is not practically possible, like defence. But we are keen to see competition in most sectors. I have always wondered why airlines and telephones cannot be opened up?

Gandhi: We will systematically dismantle selected regulatory agencies of which at least five will be taken care of in the first year itself. Also, we are planning on allowing establishment of new mutual funds in the private sector. We will also allow private sector banks to raise offshore funds. In fact, within three years of our rule, we plan to abolish production monopoly in every sector except defence.

Singh: Delicensing. Quality control through increasing competitiveness and making industries more accountable for the loans they take from banks. More firm policies for exit of sick industries. And, of course, the opening up of more areas to private sector. We had already done so for power. For road building, plans had been initiated. We could open other areas too, perhaps oil, but I don't know if any private entrepreneur will be able to take it on.

On implementation of non-discretionary controls

Advani: Yes. Of course.

Gandhi: Yes, we plan to deregulate selected agencies every year. Also, we plan to set up free-investment industrial centres in backward districts where investment within a year will be given immunity. We will even decentralise planning gradually.

Singh: I am very much in favour of it and if I get time, I am definitely going to do something about it.

On not implementing the reforms being talked about

Advani: We are the only party which has never got a chance. If given one, we can prove that we take our manifesto seriously.

Gandhi: The process of liberalisation of the Indian economy did begin when I was the prime minister. For decentralisation and employment generation, we had prepared the *Panchayati Raj* Bill and the *Jawahar Rozgar Yojana*. In spite of the unprecedented drought in 1987, we had kept inflation to a single digit level. For economic growth and stability, we are certainly the best bet.

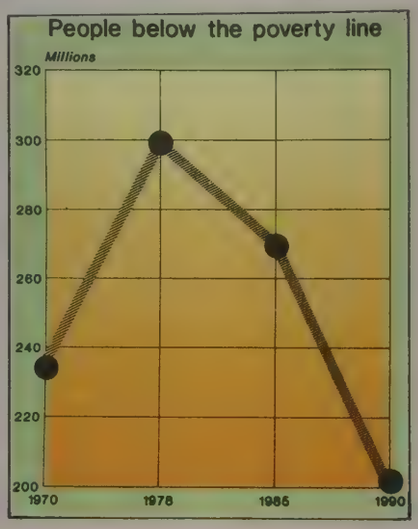
Singh: We had prepared the industrial policy which would have involved the process of delicensing and decentralisation but a lot of party leaders and outsiders raised objections, some frivolous, to the draft. We had to postpone it so that a debate was possible and everyone's opinion was taken into account. That, after all, is the essence of democracy.

Obviously you cannot expect us to do in one year, work that other governments get five years to do. We were still in first gear, we never got time to get into top gear.

Who is responsible for the mess?

To the extent that politicians are willing to take economic issues seriously, they have used them largely to criticise their fellows in other parties. But the quality of their discourse is poor. It is rhetorical, such as "What did the Congress do to control prices during its time in power?" or simplistic and contradictory, such as "We shall raise agricultural support prices while controlling inflation."

Nevertheless, all politicians agree that the economy is in a mess. Even the party in power has no need to be defensive about its record. The mess is most noticeable in the economy's macro-economic management, such as on inflation, employment and vulnerability to even temporary shocks (for example, the Gulf crisis last year cut industrial growth from an 8 per cent annual rate to 1 per cent between the first and second halves of fiscal 1990-91). Of course, micro-economic messes such as the poor quality of goods and services available in the economy also matter.



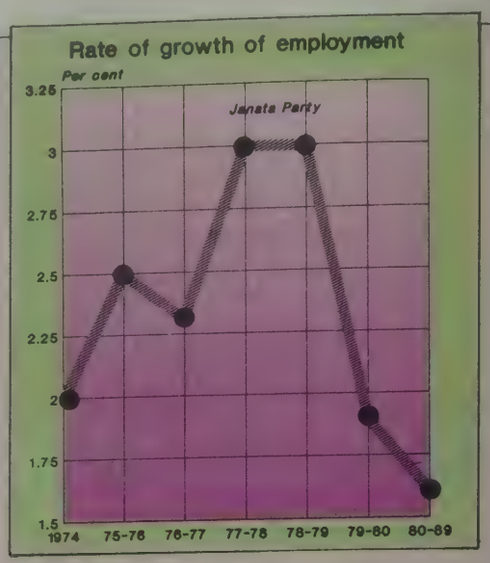
But who is really responsible for the mess? Is it the Congress(I) or the parties that ruled in 1990? Or going back before 1980, how does the Congress(I) compare with the National Front's earlier incarnation, the Janata Party?

On poverty, the Congress(I) can claim that its liberalised policies since 1980 have played a significant role. The number of people below the poverty line have fallen sharply during the last decade of Congress rule in spite of a steady 2.1 per cent growth rate of population.

The Congress(I) does less well on jobs. Employment growth peaked in the first two years of Janata Party rule. Although it fell off in 1979, the fall was even greater in the decade of Congress(I) rule that followed.

On prices, the Janata Party of 1977-79 comes out as the best performer. In fact, price performance was worst in the immediate pre-1977 period and after the Janata Party left power in 1979, although the National Front performed poorly on inflation in 1990. However, it should be noted that prices are susceptible to oil shocks and the monsoons.

The Janata Party's pro-small farmer test comes out with mixed results. The terms of trade for foodgrains, which measures how the prices of foodgrains moved against other items, improved in the first year-and-a-half of JP rule with a sharp



decline towards the end. The Congress(I) rule of the next decade led to a steadying of this figure. However, there was a big improvement for foodgrain producers in 1990 under the National Front government, when terms of trade jumped sharply to restore the balance that had been upset since 1974.

How does it all stack up against overall economic growth measured by the change in national income? The best performance clearly comes from the Congress(I) of the eighties.

It is obvious that no consistent picture of performance on all categories emerges from the above. In addition, there have been many other factors which a political party can shift the blame to, in particular, failed monsoons and oil shocks. True. A statistical study of macro-economic factors has all the risks that give truth to the statement, "Lies, damned lies and statistics". But the buck must stop somewhere.

■ RAFIQ DOSSANI



ted. Often the fence-sitters decide in favour of the party which they perceive to be 'winning'. Political parties know this, and put all their effort into the few days before polling dates in an effort to appear certain victors.

As we go to press, it is clear that the major political parties have failed in their bids to project Mandir, Mandal and Stability as decisive election issues. In these last crucial days before India's tenth general election, the key questions remain. Will the voter extend his preoccupation with economic issues into the polling booth? Or will there be an eleventh-hour wave in favour of one party? And, finally, will we have another hung Parliament or a party with a majority?

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PRIVATISATION

British, French experiences

More than fifty countries around the world have, over the past decade, turned to privatisation as a pragmatic answer to economic constraints created by fiscal and budgetary pressures. These countries, from both the developed and developing world, cut across a widely varied spectrum of political ideologies and economic systems. The one element uniting them is not past common experience nor present consensus on development strategy but rather a shared belief in the need to reinforce productive efficiency through reducing the relative importance of the state in economic activity.

In Europe, the country which has gone farthest with privatisation is the UK. Under Margaret Thatcher's leadership, the UK began a major privatisation effort in 1979, denationalising what successive governments had nationalised since 1945. As of beginning 1988, this effort had raised roughly $15 billion for the government exchequer. Firms which were sold to the public include amongst the most important: British Petroleum, British Aerospace, Cable and Wireless, Britoil, Enterprise Oil, Jaguar cars, British Telecom, British Gas, British Airways and British Airport Authority. The most recent privatisation effort has centred on electricity in which 12 regional electricity companies in England and Wales were put on sale in November 1990.

Varying methods

The method through which privatisation was carried out in the UK depended upon the company concerned — its structure, size and the competitive environment in which it operated. Either company equity was offered by tender (public auction to the highest bidder) or offers were made to the public at a fixed price per share. The latter method was the most commonly adopted. However, in certain cases for small enterprises, a part or a whole of the firm was offered to a single bidder. In two cases (National Freight Co and Redheads Ship Repair Yard), the entire firm was sold to its workforce. In one case (Cross Channel Hovercraft Service), the enterprise was given rather than sold to its employees.

The privatisation effort, undertaken by the British government, was carried out over the entire decade of the eighties and has continued into 1991. Once the privatisation of the electricity companies is completed, there will be very few firms which are still under public control in Britain. They include the railways, coal production, nuclear energy and defence, the latter three considered too sensitive for ownership transfer.

The privatisation effort in France began after the election of 1986 when prime minister Jacques Chirac announced a five year privatisation plan. This programme was to cover 65 enterprises including major banks, insurance companies, financial holding groups and industrial groups. The programme was put into effect rapidly so that by end 1987, 13 enterprises had been sold with proceeds totalling over $11 billion. Examples of companies which were sold include four banks: Paribas, Credit Commercial de France, Societe Generale and Indo-Suez. Sales of major industrial groups include Elf, St. Gobain, Compaigne Generale d'Electricite and Havas. The country's major television station (TF1) was also privatised.

Programme discontinued

The French privatisation effort lasted for a two-year period and stopped with the subsequent change of government in mid 1988 and the return of the Socialists to majority in Parliament. The companies which were privatised have remained in private hands, but the remainder of the programme was not carried further. However, a considerable amount of equity transfer had been accomplished in a short period of time.

Although the length of government commitment to privatisation varies in the two countries, there were similarities between the UK and France in the programmes they carried out. First, the objective of both governments was to reduce the involvement of the state or public sector in economic activity. In this, both programmes succeeded. The fall of state activity in GDP was primarily marked in the UK, where the share of state-owned industry in national output fell from 11 per cent to approximately 5 per cent over the decade. In both countries, many workers lost their jobs — almost one million in the UK and over 900,000 in France. Both countries used a variety of techniques to carry out their privatisation programmes and modelled these techniques according to the enterprise in question. Both countries imposed a ceiling on foreign participation in equity holdings (15 per cent in the UK and 20 per cent in France). Last and very important, both countries attempted to enlist the support of the general public in the process of privatisation through an information campaign and through a widespread sale of shares.

However, there were some major differences between the privatisation programmes in the UK and France. The main difference concerns the sectors and enterprises which were involved. As banks and insurance companies had remained in private hands in the UK, it was not necessary to privatise these sectors. Therefore, the British government concentrated on enterprises in the areas of transport, energy and telecommunications. Many of these had built up huge monopolies on the domestic UK market.

The French privatisation programme concentrated, on the other hand, on the financial sector and on competitive industries which had been nationalised in 1982 and which were carrying out business normally assigned to the private sector. The French programme excluded those firms which enjoyed a natural monopoly position on the domestic market, for example, those in the area of transport (Air France and the railways, or SNCF), energy (EDF/GDF) or telecommunications (France Telecom). The French model was that followed on the whole by Germany and Italy which also preferred not to touch the natural monopolies, but to concentrate on privatisation in the areas of industry and services.

Ground for experimentation

The British privatisation effort encountered a larger number of difficulties than the French one. This was due to the fact that the UK preceded all other countries in its privatisation initiative and therefore served as the ground for experimentation. The nature of the public sector firms involved also made a difference. The size of the enterprises in the UK were extremely large and many had no private sector counterpart. The determination of a market price for the public enterprise equity was difficult due to the size of the monopoly and the lack of information on which to base a realistic estimate. On certain occasions in the UK, tenders failed to reach the reserve price indicated, while

on other occasions, many of the offers for sale of company shares were over-subscribed, leading to the offer price being significantly below the subsequent market price. Because of this pricing problem, an average discount of 26 per cent was recorded on privatisation attempts in the UK between 1980 and 1985, causing the government to lose a considerable amount of potential revenue.

The second major problem encountered by the British government in its privatisation efforts was a tendency of the equity of the new private enterprises to concentrate in the hands of a few. This was due to the reduction in number of shareholders as many preferred to sell their shares quickly to realise an immediate gain, and was obviously linked to that of the under-valuation in price of shares. However, later privatisation such as British Telecom and British Gas were more successful in this respect as the government took measures to encourage shareholders to hold on to their initial purchases. In France, the above problems were largely avoided due to the fact that valuation of enterprise stock was made easier because of the smaller size of the firms involved and the presence of national and international competitors. The result was a smaller discount on initial price of stock and a greater retention in number of shareholders.

Indebtedness reduced

But for these implementation problems, on the whole, the privatisation programmes were considered to be highly successful by the two governments. Firstly, pressure on the public budget came down considerably. Privatisation allowed government indebtedness to be reduced in both cases. In France, the budget deficit fell from 3.3 per cent of GDP in 1985 to 2.3 per cent in 1987. And, the reduction in pressure on government budget was one of the main reasons behind the UK government's decision to lower the general tax rate in 1989.

Secondly, privatised enterprises in both countries have improved their profits and economic performance, as various studies and figures suggest. Economists attribute this mainly to the freedom managers have attained to pursue commercial objectives, unhampered by government interference. It is interesting in this context to note that amongst those state-owned firms which the privatisation programme in France was scheduled to cover (but which the government did not carry through after 1988), were the two electronics and computer giants (Thompson S.A and Cie.des Machines Bull) which have registered substantial losses over the past few years. Recently, the government decided to step in with subsidies of 2 billion and 4 billion French francs respectively, a major drain on the budget at a time of rising unemployment and a source of conflict with EC Competition Directorate in Brussels.

Thirdly, the privatisation effort was successful in both countries in increasing substantially the number of shareholders amongst the general public. By end 1987, there were 9 million shareholders in the UK, meaning that one out of every five persons owned private stock. In France, there were over 8 million shareholders by this time which represented a multiple of four in just one decade, and over one out of eight persons owning private stock. This is comparable to one out of four individual shareholders amongst the general public in the US. This increase in the number of private shareholders in both countries is the main reason that privatisation has been well accepted by the population and well absorbed by the financial market.

Fourthly, privatisation was successful in increasing the importance of London and Paris on the international financial market-place. In France, privatisation represented a 30 per cent increase in the capitalisation of the Paris Stockmarket over only a two year period. However, it should be noted that, in both countries, privatisation was accompanied by financial deregulation and removal of capital controls, which also helped to increase the importance of these to cities as financial centres.

Public support critical

What lessons can India learn from the UK and the French experience? If the government is committed to a privatisation programme, then enlisting the support of the general public in this process is critical. For understanding and acceptance of such a programme, it would be best to start with the privatisation of competitive activities which can function easily in a profit-making environment and only in a second stage move to privatisation of loss-making concerns. This would be necessary to encourage the general public to participate in the privatisation process as few individuals will be interested in taking the risk of buying into a loss-making concern. Privatisation would also be easier to carry out with smaller units so that the danger of underpricing is less.

Privatisation for the right reason — that is, to make the economy more efficient — must be carried out along with deregulation so that there will be greater competition in India's domestic market. Without greater competition, the transfer of equity would be pointless. If large monopolies are to be sold, government should think of divesting in small pieces in order to avoid the transfer of the existing monopoly structure from the public to the private sector which would have no long-term impact on economic performance.

An exit policy must also be envisaged. All units which are at present loss-making in the public sector will not be able to be salvaged and some must therefore be allowed to go under. With regard to those loss-making units which are taken over by a private firm, the latter must be allowed to do the necessary with respect to the often redundant number of employees. This implies that a review of labour legislation be an integral and important part of deregulatory policies. One of the best uses to which government could put the funds from its sale of public sector equity is into a fund destined to provide unemployment benefits and retraining along with placement for displaced workers.

Lastly, in a democracy such as India, it will be important to create constituencies in favour of privatisation. In the UK and France, for example, the creation of private shareholders on a large scale amongst the general public proved to be the main factor in the government's ability to maintain the privatisation process in a long-term framework and to see it successfully through.



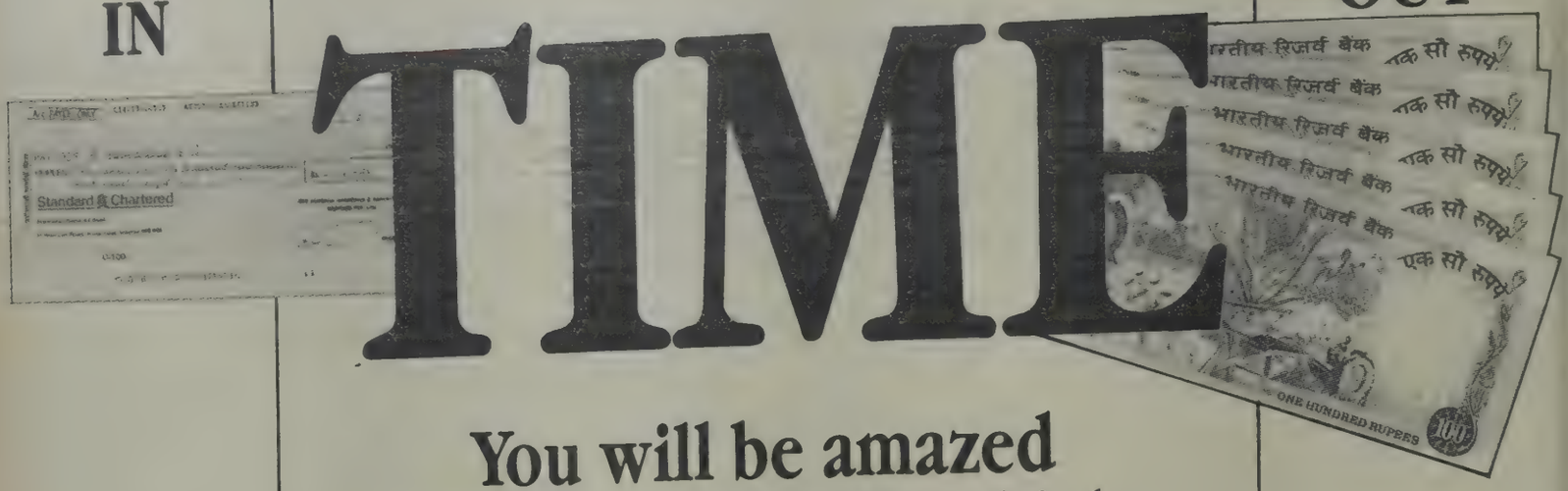
■ SHERRY M. STEPHENSON

The author is principal administrator, Trade Directorate, OECD, Paris

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HARVARD BUSINESS REVIEW REPORT

Transcending the boundaries of business

For much of the twentieth century, business managers around the world confronted a series of walls. Walls between nations that establish the boundaries of national markets, national practices, or national social, economic, and political systems. Walls between the company and the society in which it exists, drawing sharp distinctions between corporate interests and social interests. Walls between work and home, separating those activities that involve earning a living from those that constitute just plain living. Walls within the workplace itself, dividing managers from workers, function from function, line from staff. And walls between the company and its stakeholders, including suppliers, customers, and venture partners.

Now, we are told, the walls are crumbling.

Globalising markets, instantaneous communications, travel at the speed of sound, political realignments, changing demographics, technological transformations in both products and production, corporate alliances, flattening organisations — all these and more are changing the structure of the corporation. The once rigid and unreachable boundaries of business are fading in the face of change.

Or so many experts say. But what is the experience of real managers around the world?

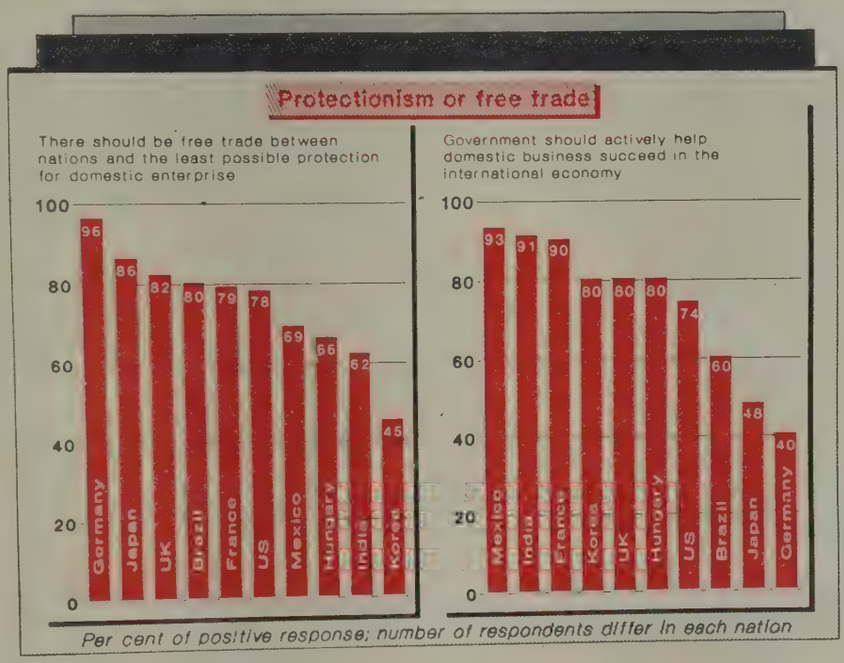
What the managers said

To find out, in November 1990 *Harvard Business Review* conducted a world leadership survey exploring the boundaries of business. After constructing and testing the survey questionnaire, HBR itself crossed boundaries, arranging to share the survey with 25 publications (including *Business India*) in 25 countries on six continents, with each publication reproducing the survey in its own language.

By January 1991, 11,859 responses to the 91 survey questions were received for analysis at Harvard. Details of each nation's findings were returned to the appropriate magazine editor for further analysis and comment. If there is a single message from the survey results, it is this: change is indeed everywhere — regardless of country, culture, or corporation. But the idea of a corporate global village where a common culture of management unifies the practice of business around the world is more dream than reality.

But the survey results also uncover the leaders of the dream. For the most part, traditional industrial enterprises — larger, older, publicly-held manufacturing companies with long planning horizons — are leading the drive toward globalisation. These organisations are more "cosmopolitan" in their outlook and are reshaping their boundaries faster. They are the most international in scope, least protectionist, and most closely involved in cross-boundary relationships with suppliers, customers, and venture partners.

They also have undergone the most pervasive change: more downsizings, reorganisations, CEO changes, mergers or divestitures in the last two years. Respondents from this sector report less satisfaction with their own jobs and a decline in loyalty and commitment in their companies. Such companies — and such managers — are in the vanguard of changes that could confront business with new political and social struggles.



INTERNATIONALISTS VS ECONOMIC PATRIOTS

Most respondents naturally want businesses to have the freedom to make decisions in their own interests, without having to take "patriotic" considerations into account. As expected, the most internationalist views on the survey are expressed by German, Swedish, Finnish, Dutch, and Belgian respondents. It is no surprise to find the capital of the European Community (Belgium) and its unofficial leader (Germany) among a group of nations whose size or situation makes trade a necessary component of a healthy economy.

Japanese antiprotectionist responses are most surprising in light of western "conventional wisdom" that says Japanese companies benefit from government protection and assistance. Assuming the honesty and accuracy of the response, three interpretations seem most plausible. First, this group of Japanese managers, drawn primarily from older companies competing domestically, having heard recent exhortations in the Japanese media about the inevitability of internationalism is now playing that message back. Or, second, they could simply reflect a growing confidence within Japan over the quality and performance of their products. Or, third, it is possible that western conventional wisdom is simply wrong.

Underneath the world majority's endorsement of globalism are some potentially difficult contradictions. A third of the survey respondents say that business should be willing to pay a premium to support domestic suppliers, and a quarter want business owners to care more about their country's success than their company's. These managers are indicating their willingness to put patriotism before profits. They represent a sizeable

business group available for political mobilisation in the name of protectionism.

Even in the unlikely event that trade barriers disappear, other contentious issues remain around the rights and responsibilities of global companies. Respondents appear to draw a clear line between economic freedom and political rights. While foreign ownership of local assets is acceptable around the world, foreign voice in local affairs is not.

Will local politicians simultaneously court foreign investors but exploit xenophobia in trying to keep their country free of foreign influence? If a freer flow of capital across country borders is not accompanied by the ability to protect that capital through the political system, will global companies exit or will they enter into the political fray?

BUSINESSES AS CITIZENS: WHICH SOCIAL RESPONSIBILITIES?

Respondents everywhere single out the quality of education as the most significant social issue affecting their organisations and they feel business should take the lead in improving it. A scant 5 per cent feel business should not be involved at all. While 18 per cent say that businesses should limit their contribution to financial support, another 77 per cent approve of a very active role. And a great many respondents feel business can make a very useful contribution to basic literacy skills.

Environmental issues such as waste disposal and pollution are the second highest social priority, though falling well behind education in degree of importance to the respondent's own business. But solving environmental problems is the responsibility of those that create them. Most respondents are willing to shoulder all the burdens; only 3 per cent — one of the lowest responses on any item on the survey — think business should not be involved at all.

Consensus breaks down, however, around somewhat messier human problems that are country-specific: alcoholism and drug addiction, crime-ridden cities, and poverty. Argentinians, for example, worry more about the impact of poverty and unemployment on business, while Americans see unsafe cities and substance abuse as more pressing problems.

PRODUCTIVITY AND PARENTING

Respondents voice strong support for practices that help working parents. While world averages are skewed slightly because Americans take the lead in this area, Japanese, Brazilian, Mexican, and Canadian respondents are also strong supporters. Only South Koreans are dissenters.

Finding world consensus in a direction some consider "women's" issues — from a survey response that is 90 per cent male — is noteworthy. Attitudes toward work and family are fraught with cultural overlays, coloured by deeply-held personal values. Yet respondents agree on three "win-win" practices — good for both families and organisations.

First, child care at the work site is overwhelmingly supported by respondents. Indeed, there is more agreement in this area than in any other on the survey.

A second practice considered good for both families and organisations is for husbands and wives both to hold important paid jobs. There is strong support for dual-career families even among those who believe that it is good for the family to have a family member at home to take care of children. Still, the line between work and family should not be erased too much, respondents believe; a sizable group feel a husband and wife should not work for the same organisation. Clearly, respondents' views reflect a deep ambiguity — and continuing conflicts for women, who are expected to work at demanding paid jobs while "someone" stays home with the children.

Flexible work hours — the ability to begin and end work at any time — is the third practice considered good for both families and organisations. Support for flextime appears connected to a desire for family members to be able to provide care for one another, instead of relying on child care centres. Respondents feel that having a family member at home to take care of the children is good for the family — though fewer support stay-at-home family members than support work-site child care. But flexible work hours are seen as good for the family just as often as a family member at home.

By supporting child care and flextime, managers are endorsing the work side of the work-family equation; the family side remains unaddressed. This area is ripe for new solutions that go beyond parenting leaves and sabbaticals. Will we see flexyear — the opportunity to work in-

Comments from across the globe

Japan

"Japanese workers' loyalty and commitment to their companies has declined dramatically during the past ten years. The reason is that the opportunity for promotion has diminished as the population has aged. Some people say the rising sense of individualism and decrease in loyalty will deprive Japanese companies of competitiveness, but others say this change is necessary for Japan to become a more mature society."

NOBUYOSHI MIKI, editor-in-chief,
Diamond Harvard Business

Germany

"Free trade and the power of international competitiveness have made Germany a leading exporting country, so it is not surprising that the survey found German managers opposed to any kind of protectionist trade barriers or government assistance. There is uncertainty as to how successful economic reunification will be, but I don't see a change in the government's present policy towards business. Germany has learned how harmful any kind of "protectionist" barriers can be, and German business leaders will not allow the construction of any walls around free trade."

HORST GEORG KOBLITZ, editor,
Harvard Manager Magazine

France

"French companies are enjoying a greater and greater amount of autonomy every year since Mitterrand was elected in 1981. This has caused a great expansion of French business around the world. Few French companies however have been willing to co-operate with the state in finding new ways to train workers and care for their families. If French corporations continue to ignore the country's domestic problems, they will be confronting an underskilled labour force too concerned with its inability to house and care for its families to propel further business expansion."

ERIC MEYER, managing editor,
Harvard L'Expansion

tensively for periods of time, then ease up, perhaps around school vacations? Or will solutions lie in technology — making work flexible and portable — or adding labour-saving innovations to increase productivity while freeing time? A new work force, composed of more working parents, requires a new look at the workplace itself.

FISSURES INSIDE THE WORKPLACE

Today's work force is generally viewed everywhere as better than ten years ago in its skills and motivation. This positive aura is even stronger for successful, growing companies. Managers from growing companies think more highly of their own jobs, their employers, and their people than do those from stagnant companies — one of the few differences between the groups on the survey.

Many respondents count "work force skills" among the most important business success factors, but successful companies have a higher percentage of managers who believe their people actually have better skills. Are the people in such companies really better — or does a "halo effect" surround anyone who works in a successful organisation? Research suggests that positive views of people's abilities can cause high performance as well as result from it. A "culture of pride", based on success, increases confidence, motivation, and co-operation. It's a virtuous cycle: performance stimulating pride stimulating performance.

But the widely-noted decline in employee loyalty and commitment is also confirmed by respondents in many countries. And they express more satisfaction with their jobs than with their employers — a pattern indicative of the shift in managerial loyalty from company to profession.

That gaps remain between managers and non-managers is not surprising, but the nature of the gaps is suggestive. Workers are seen as having a widening edge over managers in their ability to work well in teams; managers are seen as increasing their cross-functional knowledge more than non-managers. Managers also tend to reserve strategic information and project initiation for themselves.

TABLE - 1

The global reach of the survey

Country	Magazine	No. of responses
Argentina	*Mercado*	59
Australia	*Business Review Weekly*	265
Austria	*Austrian Management Club*	114
Belgium	*Trends*	217
Brazil	*Exame*	605
Canada	*Harvard Business Review*	180
Estonia	*Teataja*	4
Finland	*Talouselama*	495
France	*Harvard L'Expansion*	446
Germany	*Harvard Manager*	134
Great Britain	*Business*	560
Hungary	*Figyelo*	117
India	*Business India*	224
Italy	*Harvard Expansione*	483
Japan	*Diamond Harvard Business*	639
Mexico	*Expansion*	1,322
The Netherlands	*Financieel Economisch*	583
New Zealand	*National Business Review*	251
Nigeria	*Management in Nigeria*	24
Singapore	*Singapore Business*	340
South Korea	*Harvard Sogang Business*	569
Spain	*Harvard Deusto Business*	871
Sweden	*Ledarskap*	363
United States	*Harvard Business Review*	2,737
Venezuela	*Asociacion Venezolana de Ejecutivos*	76

ANXIOUS ALLIANCES, CAUTIOUS COALITIONS

While boundaries within the organisation are shifting slowly, the blurring of external boundaries is apparently happening faster. Larger, older manufacturing companies are in the vanguard, but they are proceeding cautiously.

Is ambivalence about breaching company boundaries a function of the difficulties involved in making this change? Most respondents' companies are engaged in at least a few joint ventures or alliances — though more often in countries like Sweden or Belgium than in Argentina or Brazil. The more joint venture experience respondents have, the more they identify managerial issues as worrisome. For instance, Belgians are more concerned about loss of control and information in collaborative ventures. In contrast, Austrians, who report less joint venture activity, consider the biggest risks to involve political and macroeconomic factors such as exchange rates.

It is one thing for less experienced managers to be unaware of the corporate culture clashes and ongoing managerial dilemmas of cross-company coalitions. But if so many experienced managers recognise that ongoing management issues are the biggest risks in alliances and partnerships, why do companies devote con-

Britain

"The incredible pace of organisational change in Britain over the last decade stems directly from Margaret Thatcher's desire to develop the enterprise culture. Wholesale privatisation of state monopolies, the liberalisation of capital markets, buy-outs, buy-ins, and new start-ups have helped create thousands of new businesses that could form the foundation of a multilayered corporate culture in Great Britain.

"The British, however, still have difficulties to overcome. Their insularity, their neglect of education at both the personal and state level, and their paucity of language skills are all major failings. Mistrust of foreigners is still a powerful factor operating against the country's longer term interests."

CHRISTOPHER PARKES, editor,
Business

South Korea

"Korean companies are expected to play a major role in educating their employees and caring for their families. This guarantees a qualified and loyal work force for Korean industries. Koreans will continue to be very optimistic about future industrialisation as long as corporate control of retirement funding, health care, housing, and child and elderly care continues to thrive."

YONG HEE CHEE, chief editor,
Harvard Sogang Business

Singapore

"Because domestic opportunities are limited, homegrown companies are setting their sights on overseas investment in an attempt to become global players.

The government has been a key architect of this plan and has even acted as a partner in a local food and beverage company's acquisition of the Chung King Corporation in the US. Because of the limits on the size of the Singapore labour force, the government also is exhorting manufacturers to automate and focus on less labour-intensive, higher value-added industries."

PATRICIA M. SCHERSCHEL, executive editor,
Singapore Business

TABLE - 2

Key success factors

Success factors depend on the country's culture and circumstances (per cent of respondents that checked each success factor)

Country	Work force skills	Capital	Trade policy	Product quality	Product development	Management	Technology	Customer service
Germany	62	5	4	33	17	44	27	17
France	49	6	26	48	19	17	27	36
Great Britain	1	11	2	42	21	37	29	58
United States	29	12	2	40	22	29	36	52
Hungary	28	39	41	30	15	10	16	9
Korea	25	16	5	30	32	22	36	51
Mexico	23	13	17	51	17	1	38	62
India	21	13	1	47	17	35	37	43
Brazil	18	12	17	48	10	35	45	22
Japan	11	6	5	36	54	42	38	25

siderably more resources and top management time to negotiating the deal than they do to managing the relationship?

AGENDA FOR THE NEXT CONVERSATION

Comparing and contrasting opinions from managers in many countries provides an opportunity for leaders to hold a mirror to themselves, their companies, and the countries in which they do business. As in a mirror, the images could be distorted by any number of cultural factors — or the self-selection of respondents. Still, taken as a whole, the survey results suggest some topics for the next conversation:

- Look to Germany for role models of companies "fit" for global competition. German cosmopolitanism is associated with less reliance on government and more co-operation with suppliers and customers. Working effectively across boundaries could come more easily for German companies, giving them an edge in the global economy. In contrast, companies in English-speaking countries, including the US, are still comparatively inward-focused.
- Worry about the Japanese emphasis on product innovation — and the Japanese work ethic. In fact, worry about Japanese worries. A tendency to be dissatisfied — for example, with the work force — coupled with a productivity emphasis could spur Japanese companies on to more achievements, especially in labour-saving technology.
- Expect less from one's country and give more. Conflicts and contradictions around political rules for the economic game are still to be sorted out. Companies operating in many countries are not expecting much direct government economic assistance. At the same time, companies that are excellent local citizens contributing to the improvement of society can have a stronger voice in political affairs.
- Get on the child care and education bandwagons. The overwhelming worldwide consensus about the importance of these issues suggests that companies that do not contribute could lag behind their competitors. While cleaning up the environment is also an important arena for action, business leaders already see this as their responsibility. A greater challenge for business is to develop a social agenda on ways to contribute to today's families and tomorrow's work force.
- Close the gap between values and practices. Do too many managers lack faith in the capabilities of non-managers? General agreement about the importance of people to a company's success should be translated into opportunities for those at the bottom to get more information, initiate projects, and mingle with management. Similarly, endorsement of the importance of customer service and product quality should be reflected in new ways of including customer and supplier perspectives in decision-making.

A smaller world creates a bigger agenda for business. There are more cultures to understand. More social responsibilities to master. More time pressures to juggle. And more relationships to rethink.

■

ROSABETH MOSS KANTER

The author, professor at the Harvard Business School, is editor-in-chief of the Harvard Business Review

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KERALA'S TOTAL LITERACY

Reading development's future

On 18 April, Kerala reached a significant landmark. It was proclaimed the first totally literate Indian state, a triumph for the country and other developing nations. The literacy programme in Kerala has proved to be an inspiration and a model for the country

"Knowledge emerges only through invention and re-invention, through the restless, impatient, continuing, hopeful inquiry men pursue in the world, with the world, and with each other."

—— Paulo Freire
in *Pedagogy of the Oppressed*

Photos by K.G. Kumar



The alphabet and* (inset)*: a teacher with her innovative teaching aids

Every once in a while Kerala stirs out of its industrial slumber and, like a practised magician, does something spectacular that captures the attention of not just the nation, but the entire world. Usually the result is knowledge in a new and unexpected form, knowledge which can help transform society.

In the arena of politics Kerala's acts have few equals. In 1957 it produced the world's first elected communist government. The world was stunned. And then, over the years, it experimented with coalition governments of various political hues. All along, on the social front, egged on by myriad mass movements, Kerala went on to produce a superior quality of life that soon became the envy of developing countries. Scholars and planners began to avidly propound the 'Kerala model' of development (see *Business India* February 5-18, 1990).

And now, in quick succession, Kerala has pulled off a twin triumph that has the world once again gaping southwards with awe. The focal point this time is literacy, one of the pillars of the Kerala development experience. On 4 February 1990, Ernakulam (area: 2,400 sq kms; population: 3 million) became the first district in the country to be declared totally literate with a literacy rate of 98.34 per cent in the age group 5-60. And a year later, on 18 April 1991, at a massive people's gathering in Kozhikode, Kerala achieved a more creditable first when it was proclaimed the nation's first totally literate state with an official literacy rate of 90.52 per cent and an unofficial, truer level of 93.64 per cent (including about 300,000 who became literate after the census enumeration).

Behind these figures — dazzling as they are — lie some more far-reaching truths. The literacy programme, a broad-based grassroots effort, has swept through the state like a bracing wind, rejuvenating a cynical youth and putting the faith back in people-based development programmes. Most important of all, the literacy programme has given the deprived and oppressed sections of Kerala's society a new voice, a new courage to question the world and its practices.

Listen to these fresh voices of literate Kerala: Lakshmi, a frail 98-year-old former coir worker, never failed to attend the daily literacy class near her hut near Kovalam. She, along with nine others, was taught by a 17-year-old girl, Suma, a pre-degree student. Asked if she felt scared about appearing for the literacy evaluation final examination, Lakshmi chortled: "If you know something, why be afraid? Only the ignorant bow down in fear?" And this from a woman, who, 20 years ago, had her hair ripped off by policemen breaking up a coir workers strike.

Muttani Mallan, a 78-year-old chieftain of the Kannikar tribe in a forest settlement north-east of Trivandrum, attended classes too. "I'm too old for all this," he says, "but I know my children must learn to read and write for they must not suffer like we did."

Representative voices

These are not isolated voices. Their fervour may not be sparklingly evident in today's Kerala, already lulled by the victory in the war against illiteracy. But they are still representative of the awakened feelings of around 1.2 million neoliterates now enjoying their travels in the world of letters.

For Kerala this adventurous journey began two years ago on 26 January 1989 when the Ernakulam District Total Literacy Programme (EDTLP) was formally inaugurated. But that is just a chronological specificity, for Kerala has had a long-standing romance with literacy. From the latter half of the 19th century onwards, the governments of the three parts of Kerala then — the princely states of Travancore and Cochin, and Malabar, directly ruled by the British as part of the Madras Presidency — did much to make their subjects literate.

Such a history gave Kerala a headstart. Nontheless, despite continuing increases in literacy rates since 1951 (*see table*) which pushed Kerala far ahead of the rest of India, around three years ago, it still housed about 3 million illiterates, of whom 3 million were in the age group 5-60. Obviously, past efforts to eradicate illiteracy had made little headway. These included the Adult Education Programme, the Functional Literacy Programme and the work of the Kerala Association for Non-formal Education and Development.

The drawback with these was that they viewed neoliterates as primary school students, not as adults with a different set of problems. Their approach was selective and centre-based — set up a centre to impart education and then hope that the masses will flock to it. The alternative was, of course, to take the programme to the masses in a campaign-style effort. And that is precisely what happened in Kerala.

This technology — the universal campaign methodology — was first tried in Ernakulam. That was its testing ground, but as a methodology it had been advocated over five years ago by the Kerala Sastra Sahitya Parishad (KSSP), the celebrated people's science movement formed in 1962 by a small group of Malayalam science writers. (Today the organisation has over 50,000 members and around 2,000 units throughout Kerala.)

With the hindsight of experience and success, the KSSP has identified six prime elements of this methodology:

- A massive, intensive approach — the whole target area to be tackled simultaneously.
- Building up a 'saturation environment' so that no member of society is free from some impact of the programme.
- Transformation of literacy work from 'job opportunity' to 'patriotic duty'.
- Painstaking planning of time and space for the deployment of human and material resources 'as in a war'.
- Integration of people's zeal with the administrative machinery, backed by a system of professional project implementation.
- Delinking the implementing machinery from governmental bureaucracy to permit greater decentralisation, dynamism, flexibility and accountability.

But theory is one thing, practice quite another, as the KSSP discovered in 1987 when it plunged into a pilot project to wipe out illiteracy in Malappuram, a backward district in the north of Kerala. The effort flopped. For one thing, the project was badly formulated — it grossly underestimated the dimensions of the problem, while simultaneously being overoptimistic. For another, it failed to integrate the government's efforts with those of the people.

Whole-hearted commitment

Ernakulam was where the KSSP sought to avoid those mistakes. Meanwhile, the government of India had formed the National Literacy Mission (NLM) in 1987. The KSSP now had someone to turn to for funding. Another source was the Ernakulam district collector, K.R. Rajan, himself a former vice-president of the KSSP. Rajan whole-heartedly committed his administration to the project.

To oversee the programme and to ensure a broader base, a new body, the Ernakulam District Literacy Society, was registered. It comprised different voluntary and service agencies with Rajan as convenor and chief co-ordinator.

Looking back, Kerala was lucky that Ernakulam became the laboratory for illiteracy eradication. It was not a particularly difficult area to work in, nor was it wholly darkened by illiteracy. The 1981 census, in fact, ranked it the third most literate district in Kerala. But, as the EDTLP's comprehensive survey of March 1989 revealed, there remained pockets of illiteracy — 22 per cent of the illiterates were Muslims; 18 per cent from the Scheduled Castes. In all, 62.55 per cent of illiterates were women.

The survey itself was a gigantic effort with around 50,000 volunteers covering 80 per cent of the 600,000 households in a single day. The exercise turned out to be a contact programme which paved the way for the ensuing mass participation. The EDTLP's approach was non-exclusive. It targeted a wider group of illiterates between the ages six and 60, though the NLM had accepted the 15-35 range as representing the productive age group. Said one organiser: "We accepted whoever wanted to learn."

This supercharged social environment, where the message of commitment and duty mingled with a carnival-like atmosphere of participation and excitement, was the outcome of the campaign style that the EDTLP developed. This approach sought to saturate the environment with a series of messages and propaganda efforts, sustained through the skilful use of traditional, cultural and folk-art media. Apart from conventional aids like cinema slides, hoardings and posters, the environment was bombarded with padayatras, kala jathas, kala melas of neoliterates and children's rallies, to name a few.



A literacy class: women outnumbered men

The training of instructors was structured like a pyramid, with a group of professional resource persons preparing the training module and then passing on the techniques to the 'master trainers' in a training camp. These master trainers were then equipped to train the instructors.

Bountiful zest

These instructors made up a veritable army. Since the size of each class was deliberately kept small, not exceeding ten, around 20,000 instructors had to be trained for the EDTLP. Most of them were drawn from the same localities as the learners. Most were young girls who made up for their inexperience with a bountiful supply of youthful zest. (To be sure, many

Next tribals

About 80,000 tribals were left out of Kerala's literacy programme. They will now be covered in a special project. The KSS realises how difficult the work will be. Not only will the instruction material have to be revised, the instructors selected will have to be far more committed ("semi-Naxalites" was one officer's description of qualifications needed) to live and work amongst the tribals in the forest.

Past efforts could not lure tribals to regular classes mainly because they had to labour hard to earn a day's living and had no time or energy left to attend. According to B.C. Sreedharan, a 26-year-old instructor who himself belongs to the Irula tribe, unless some food incentive is offered, attendance will continue to be thin.



The KSS initially proposed a budget of Rs.937 lakh, of which Rs.600 lakh was to go towards one meal during class. The government of India, however, has sanctioned only Rs.187 lakh and the Kerala government Rs.120 lakh. The KSS is now trying to tap voluntary agencies for the meal part of the budget.

The tribal literacy project hopes to additionally impart knowledge of land management and marketing to forest produce. It aims to equip tribals to fight exploitation — something they have experienced only too well, alienated as they are from much of their own land.

■ KGK

did sign up in the hope that the experience would earn them government jobs in future.)

It did not take long for this zest to spread to the learners. As economic historian Michael Tharakan explains, "To be illiterate in a highly literate society is a fate worse than to be illiterate in a generally illiterate state. And to argue against literacy efforts would be suicidal." Soon enough, Ernakulam was alit with scenes of middle-aged men and women huddled together in the glow of a kerosene lamp, slates in hand and books on the floor, listening intently to their instructors.

Agricultural workers would gather around for their classes in the couple of hours available in the late evening, between the harvesting and threshing of paddy. Women coir workers would bring their books to class, while waiting for the coir to arrive by the morning boats. And fishermen would take their instructors with them on board their craft and learn during the long, previously lonely wait on the high seas.

Classes were no longer some distant, exterior phenomena to which seekers-after-knowledge had to trudge. In the Ernakulam programme, the classes came down to the learners, fitting into their work schedules, elbowing into their daily routines and ultimately becoming an indispensable part of their lives. Economist K.N. Raj says the programme is one which "reached the hearts of the people — that is what development is all about".

By the time the EDTLP came to a close on 4 February last year, 135,254 persons were able, for the first time in their lives, to read and write. These were the ones who had scored over 80 per cent marks in the final evaluation test which assessed their skill in reading, writing and numeracy.

Cost effective feat

And all this had been achieved at tremendous cost effectiveness. The average cost per learner came to just Rs.40, or, if calculated for each successful learner, Rs.65. In purely monetary terms, a total of Rs.80 lakh was spent. But according to one estimate, if the people's voluntary contributions were also to be taken into account, the actual total would have touched Rs.5 crore.

To be sure, not everything was perfect with the Ernakulam experiment. For one thing, as Tharakan discovered in his evaluation, the training of instructors did not quite succeed in adequately equipping them technically. This was because it failed to draw on talent available elsewhere in other voluntary agencies. If the programme succeeded despite this handicap, the credit for that must surely go to the boundless enthusiasm of the army of young instructors.

The project's monitoring system was also faulty, especially at the start. This led to at least one serious case of misreporting by an assistant project officer. The post-literacy phase of the Ernakulam project has also got bogged down in problems. The main reason is the souring of relations between the high-profile Rajan and the KSSP, which had meanwhile bagged UNESCO's literacy award. Some observers view this as a clash of egos over who should take credit for the stupendous achievement. At any rate, post-literacy work in Ernakulam seems crippled right now.

Nevertheless, in the light of the unquestionable gains from Ernakulam and buoyed by the unflagging enthusiasm and vigour of the masses involved, no responsible Keralite could sit back content. The next giant leap just had to be taken — the campaign to make the remaining 13 districts of Kerala, and thus the whole state, totally literate.

That mission got ticked off the day the Ernakulam project was declared successful. In true campaign style, the Prime Minister handed over to Kerala's chief minister the symbolic torch of literacy. 'Akshara Keralam', as the total literacy project was named, had been launched. From then on the elements of the EDTLP were put to good use throughout Kerala, but with significant refinements. Says C.G. Santha Kumar, who was the EDTLP's project officer: "The Ernakulam project was an innovation, this was an application. We learnt from our mistakes in Ernakulam."

New elements introduced

The Ernakulam subprojects (4 to 8 per assistant project officer) were found too unwieldy and ineffective. The Kerala project therefore chose each panchayat as a subproject. Akshara Keralam used the same methodology which had delivered the goods in Ernakulam. But it introduced new elements, viz:

- Patrons committees, where local learneds functioned as guardians, egging on new students.

• Academic councils for back-up support to instructors

• Village parliaments to impart to neoliterates a flavour of parliamentary democracy.

• 'Kudumba Sabha' or family communions, a practice borrowed from the Kerala Christian community, where family members of a class gather round to share their experiences.

• Study tours to public institutions like schools, post offices, police stations and government offices. This was something that most neoliterates themselves demanded. For many it proved to be a demystifying experience, with village women suddenly finding the guts to question high-faulting government officials, even policemen.

Akshara Keralam too was sustained by an environment electrified with zeal. This was evident on 8 April 1990 itself, when the state-wide single-day survey identified the target group of illiterates. In most areas, the big names of the community themselves went around asking the first few questions. Explains Santha Kumar: "To involve an entire society on a larger canvas, you need to rope in the opinion leaders of the locality."

The survey identified 22.5 lakh illiterates in the 5-60 age group. Of these, 16 lakh were enrolled in about 2 lakh classes. About 12 lakh cleared the final evaluation.

Periodic doses of cultural extravaganza, all with the backdrop of the literacy message, maintained the tempo of the programme. Many armchair critics have dismissed these efforts as so much cant and pompous hype, a large-scale tamasha that should have been avoided. One media expert labelled it a case of 'communication overkill'. Yet, the hard truth was that for both instructors and learners, such cultural action was the wellspring of their undying enthusiasm for the project and their passionate commitment to its success. This became true particularly in the context of Kerala's tradition of music-and-dance ensembles, and the jathas popularised by the KSSP since the early 1970s. Says Tharakan: "It's clear that people-based communication methods are far more effective than media-centred interventions."

Akshara Keralam did display some elements of a mad race to beat the 1991 census. The Kerala Saksharatha Samiti (KSS) officials, however, say they were just using the IPCL (intensive pace and content learning) method. Says Warrier: "In the beginning, we didn't even think of the census." Adds P.K. Sivanandan, KSS's secretary: "If we had had that in mind, we could have counted several more."

Need for a broad base

In fact, Ernakulam had taught the need to broaden the support base for any literacy work. Thus, in Muslim-dominated districts, Muslim organisations, including the opposition party, the Muslim League, were in the forefront of literacy work, while Christian bodies took the lead in a Christian-peopled region like Idukki.

Yet, it cannot be denied that the Left Democratic Front (LDF), particularly its leader, the CPI(M), has gained politically from the literacy programmes. This was evidenced in the recent district council elections where the LDF scored a landslide victory. The KSSP too has increased its membership following the literacy campaigns. Yet — and therein lies the genuine success of the programme — few neoliterates identify either themselves or the literacy programme with any individual, party or organisation.

As in Ernakulam, Akshara Keralam proved cost-effective. The actual per capita expenditure worked out to Rs.39.14 per learner, lower than in Ernakulam and far below the NLM's standard of Rs.70. The KSS could even find sponsors for the 7.5 lakh spectacles that were distributed to short-sighted learners.

Where does literate Kerala go from this current peak? Much remains to be done. There are still around 12 lakh illiterates left in the state, especially in the coastal and tribal areas (*see box*) and amongst the Tamil-speaking floating population. The enthusiasm of the instructors seems set to wane, now that the glorious peak has been climbed. And there remains the principal responsibility of ensuring that the neoliterates do not relapse into illiteracy. This is especially likely to happen in the absence of good literature for neoliterates.

The KSS hopes to tackle these problems in the second phase of the project, which will be formally begun in June, after the Lok Sabha elections.

Economist K.N. Raj thinks there will be a 'real resurgence' in Kerala. He says, "Thirty or forty years from now Kerala will be unimaginable, despite its development being slow on the economic side. Kerala has done better than even China, though China's performance is superior on a national scale."

Clearly, the Indian nation at least has much to learn from the Kerala experience — and much to be grateful for. Raj, who has been closely involved in India's planning exercises, says: "It is very important that the Kerala story be given great publicity. It should evoke similar efforts elsewhere."

But anyone who hopes for an easy, made-to-order transfer of Kerala's success will be sorely disappointed. Says Santha Kumar, who toiled for the Ernakulam project: "I don't have the courage to say that Kerala's experience is replicable elsewhere."

Clearly, the rest of India will have to experiment with different approaches and techniques before it can hope to see the dawn of literacy. But Kerala's triumph — and its lesson — lies in how it hacked a way through the forest of illiteracy. The rest of India must follow what Kerala did. And what Kerala did is best summed up in these lines from a Chinese poem:

Go to the people,
live among them,
learn from them,
love them.
Start with what they know,
build on what they have,
but of the best leaders,
when their task is accomplished,
their work done,
the people will remark
'we have done it ourselves'.

■ K.G. KUMAR

Growth of Literacy

Year	India		Kerala	
	All	Females	All	Females
1901	5	1	14	6
1921	8	2	28	17
1951	17	8	41	32
1961	24	13	47	39
1971	29	19	60	54
1981	36	25	69	65
1991*	52	39	91	87

** For all persons above 7 years of age. The other years show literacy rates for all ages including 0-4.*
Source: Census Reports

IBP

The winds of change

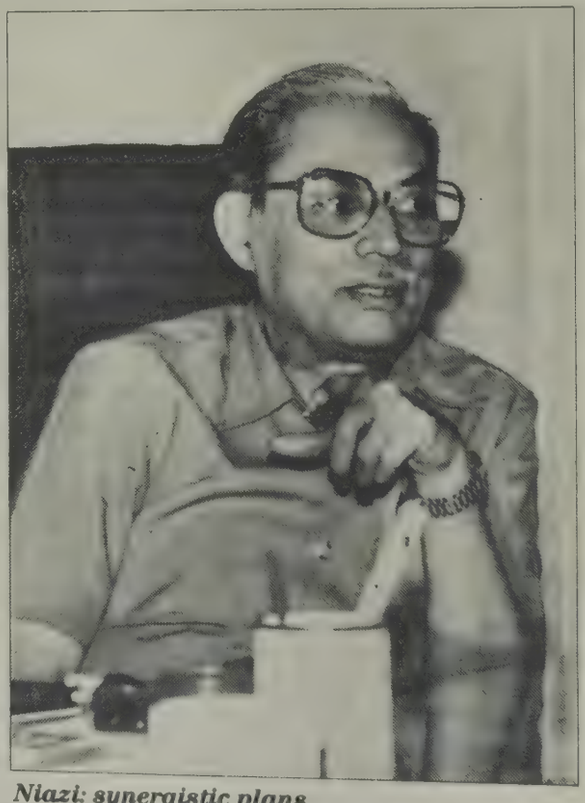
After decades of playing a minor role, this oil company is now moving into the big league. It has redrawn its relationship with IOC and is setting up a refinery that should comfortably double its present turnover. Apart, of course, from some more diversifications

India's smallest oil company is making some big moves. IBP, formerly Indo-Burma Petroleum Company, is the only oil company in the country that does not possess a refinery of its own. Till now its main-activity has been to serve Indian Oil Corporation (IOC), the country's largest oil company, as a consignee for the eastern region. This activity provided a very small margin and was primarily responsible for the company's relatively small profits on a huge turnover. On sales of Rs.1,353 crore for the year ending March 1990-91, net profit was less than Rs.7 crore.

But all this is now set to change, according to chairman A.A. Niazi. IBP has finally snapped the umbilical cord that had tied it down to IOC for nearly two decades. Following an agreement signed recently, IBP will now buy oil from IOC at ex-refinery prices and distribute it on its own. Thus from now on the company will not have to share its margins with IOC. IBP can also now work out similar arrangements with other oil companies. In fact, under a MOU signed with Madras Refineries on 25 April, IBP will set up its own infrastructure in south India to market products from the former's proposed crude distillation unit in the Tanjore district of Tamil Nadu which will go on stream in July 1993.

IBP's most prestigious new project, however, will be what is popularly billed as the 'Assam Accord' refinery. The fourth one in the state, the Rs.1,400 crore project will have a capacity of 3 million tonnes and will nearly double IBP's current annual turnover. The company has already acquired land for the project at Jorhat and 50 officials have been recruited in the first phase. The ongoing ULFA agitation has cast some doubts on the schedule of completion but Niazi says that the Assam government has assured him that the project will be implemented without a hitch. "With this refinery we will re-emerge as an integrated oil company," says Niazi.

Paradoxically, IBP was originally the first integrated oil company in undivided India. Set up in 1908, through the efforts of that extraordinary combine — the colonial merchant princes, the Steel Brothers of UK and an Indian cotton trader, A.K.S.A. Jamal, who had migrated to Burma in search of fortune — IBP not only had two refineries in the oil rich Burmese region where it was first set up, but tankers and installations as well in Chittagong, Budge-Budge near Calcutta and Sewri in Bombay. But everything in Burma and what is now Bangladesh was lost during World War II, and the company had to virtually start from scratch once again.



Niazi: synergistic plans

The company's first problem in the forties was that of getting adequate oil supplies. What helped them was their excellent relations with the UK-based Burma Oil Co which, on the basis of a gentleman's agreement, continued to supply oil to IBP between 1942 and 1951. "It was a crucial period for us and it was then that we learnt how to survive against any odds," says H. Tyabji, an old-timer who is still an executive director of the company.

The forties also saw the parting of ways between the Jamals and the Steel Brothers. While the latter retained a 61 per cent marjority stake in the company's equity, the rest was sold to the public. In fact, IBP is one of the very few public sector companies whose shares are traded on the stock exchange. Till just before the Gulf War, its Rs.10 share was ruling at around Rs.200 till the start of the Gulf War last year. It has now dropped down to around Rs.100 per share.

In 1951, the company signed a collaboration agreement with Burmah Shell, a major oil supplier at that time. This arrangement continued till 1972 when the government took over the Steel Brother's stake after it nationalised the oil companies. Since then it has acted as IOC's consignee for eastern India. In 1965, IBP first diversified into engineering following a foreign exchange crisis which resulted in a drop in oil supply from Burmah Shell and consequently a fall in its revenue and profits. Creating an infrastructure was no problem as the company had real estate in Bombay where it could set up its factory.

Risk pays off

"We took a calculated risk then," remembers Tyabji, "since we knew of very little outside oil, but it paid off." Though the engineering division was never really a great success, accounting today for a turnover of only Rs.12 crore, technologically, according to Niazi, it has done some excellent pioneering work, especially in hi-vacuum technology and the manufacture of cryogenic containers for which there is a sizeable export demand in the neighbouring countries. The black sheep is the factory in Nasik manufacturing valves and regulators, which has steadily been operating at a loss.

A diversification into chemicals in the mid-seventies — when industrial explosives, says Niazi, were in short supply and there were very few entrants in the field — has been a success. IBP's chemicals business group tied up with IRECO, the American global leader in this field, with fortunate results. Chalking up a turnover of Rs.39 crore, the division is currently poised for further growth and product

diversification. It concentrates mainly on manufacturing bulk explosives and has plants at Korba, Kudremukh, Singrauli, Ramagundam and Dhanbad all large mining areas.

Of the three major companies which dominate the bulk explosives market, controlling about 80 per cent (ICI, Indian Detonators Ltd and IBP) the share of IBP works out to 24 per cent. IBP's strategy is very clear. They want to make profits in bulk explosives as their packaged explosives operation met with mixed reaction. While the small diameter ones are yet to find ready market acceptance, their large diameter ones have done well.

Of IBP's total explosives capacity of around 30,000 metric tonnes at its various plants, nearly all of it is for bulk explosives. For the moment, says a company official, further expansion in capacity is not really a priority. IBP instead would prefer to build volumes in the existing plants to try and reduce overheads. Additional plants might come up once the company goes ahead with new products such as detonating fuses and shaped charges for use in oil wells.

A major advantage for IBP is its public sector status. Its competitors are in the private sector — ICI, Indo Gulf Explosives, IDL, Karnataka Explosives, Maharashtra Explosives, etc. "IBP enjoys an intangible privilege in an user industry where 99 per cent of the purchase is by the government sector," says a major competitor. This year too, twenty six explosive companies had quoted for a Coal India tender, but IBP bagged the contract. Niazi, however, makes it clear that "being a public sector unit does not necessarily qualify IBP for preference by government companies. Our pricing is very competitive and we intend to keep it that way."

The engineering and the chemicals division were last year responsible for nearly twenty per cent of the company's profits. For the future though, the petroleum business will continue as the mainstay of the company's activities. "With the nation facing an energy crisis, fresh business opportunities will have to be looked at," says P.P. Roy, general manager, business development and management services. But these will have to be closely allied with national goals and perspectives in core areas of energy — with compressed natural gas, for instance, which IBP is trying to develop and market.

Right now, however, the upcoming Rs.1,400-crore refinery is IBP's biggest project under the Eighth Plan. On a debt equity ratio of 4:1, IBP's share of the 51 per cent equity in the refinery (since it is a subsidiary of IBP) works out to Rs.128 crore. According to finance director, S. Sampath, this will be financed partly through a rights issue and partly through concessional loans from the oil industry development board. The other new projects include a lube blending project in north India, and a Rs.3-crore bitumen emulsion plant at Bombay.

The cumulative effect of these projects will only be apparent in the mid-nineties and should go a long way in value addition. Currently, the value addition works out to about 2 per cent, the rest going towards overheads, material costs and services. The overall performance has been adequate, with the company maintaining a healthy net worth at Rs.70.36 crore with Rs.63 crore for reserves and surplus. Net profit, at Rs.6.83 crore, is marginally up over last year, but is expected to go up further now that the company — following its agreement with IOC — will be able to realise full margins on its products. Volume-wise growth, claims Sampath, has been at a steady 12 per cent. This year, though, he says, growth is likely to be subdued to the government's restrictions on the oil industry.



Lube oil blending unit, Budge-Budge

Where performance is concerned, Sampath admits that IBP may be the smallest of the oil companies, holding only about 4-5 per cent of the market share compared to IOC at 56 per cent, and 40 per cent commanded by Bharat Petroleum and Hindustan Petroleum. Despite this, Sampath claims that IBP's throughput per pump at its 1,200-odd retail outlets is amongst the highest. Also, unlike other petroleum companies which specialise in bulk customers aviation, defence, etc — the major portion of IBP's sales is in the automotive grade.

An unusual PSU

Either way, says Roy, one can't really judge IBP by the same yardstick as any other public sector company. For one, he points out that IBP, unlike traditional oil companies, is small but a well diversified company, and secondly IBP is one of the very few PSUs which monitors its share prices closely, as about 40 per cent of its shares are held with the public. In fact, over the last 15 years, IBP has gone in for three bonus and one rights issue.

IBP also has the advantage of holding 61 per cent in another blue-chip public sector company, Balmer Lawrie (whose shares it acquired through the Steel Brothers agreement with Alex Lawrie, one of the original partners. "While Balmer Lawrie (turnover Rs.285 crore in 1990-91) is very much a group subsidiary, they remain different companies with separate managements — no controls have ever been imposed," says Balmer Lawrie managing director S.K. Sinha.

But whether this state of affairs will continue is another matter. Company officials are of the view that in future IBP may play a more dominant role in Balmer Lawrie, or alternatively disinvest. The feeling is that Balmer Lawrie being a service company to the petroleum sector, it won't continue to receive the kind of favours in future from oil companies that it has done in the past, as IBP is now treated as a fully integrated oil company and hence a competitor. Niazi however, has a different view. He feels that IBP and Balmer Lawrie have a perfect synergy in their operation and hence can consolidate their positions together. After years of low profile existence, new opportunities are gradually opening up for this Calcutta-based company. It remains to be seen whether this old-timer will be able to regain its past glory.

■ MADHUMITA BOSE

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RPG ENTERPRISES

NAVINBHAI DAVE

On the prowl

After turning Swan Mills around, this industrialist has now set his sights on the ailing SLM-Maneklal. His engineering background and the fact that he is flush with funds may swing things in his favour

He has a penchant for white cars, white office interiors, and white clothes, and now, he has picked up another unique trait: buying up sick companies. In 1989, he had bought the controlling interest in the ailing Bombay-based Swan Mills Ltd from J.P. Goenka for about Rs.3 crore and later turned the company around. Now, if things go his way, industrialist Navinbhai Dave hopes to be soon on the driver's seat in engineering company SLM-Maneklal Industries Ltd as well.

Dave has come a long way from the post-partition days which had seen his family uprooted from Karachi, shifting to Bombay and beginning life all over again. His father, a qualified engineer, had started off by working for Richardson & Cruddas in 1948 and then branching out on his own in 1950. Starting off with Sahajanand Engineering Works Pvt Ltd, which manufactures material handling equipment for the coal, sugar and chemical industries, the family later diversified into heat exchangers (Navin Heat Exchangers) and stainless steel and high carbon seamless tubes (Noble Tubes & Engineers Pvt Ltd). It is this engineering background which Dave is trying to cash on in his quest to acquire SLM.

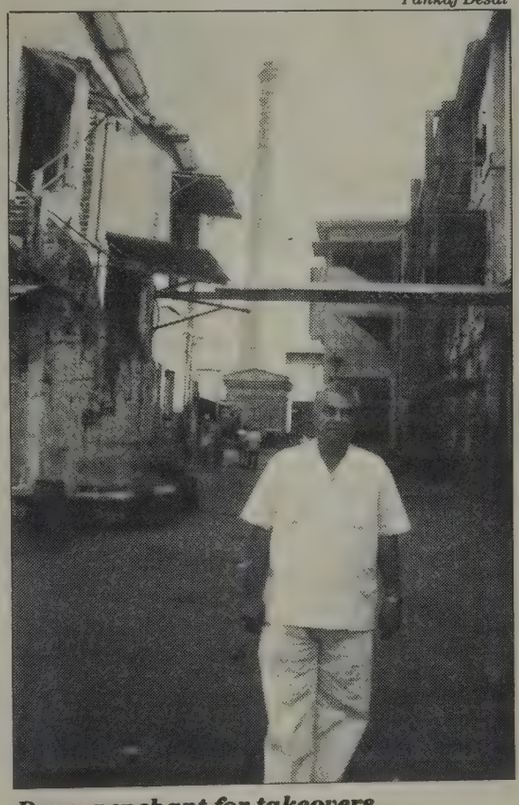
Need for change

A one time reputed manufacturer of textile machinery, oil and petrol engines, gas turbines, boilers and their accessories and high pressure hoses, SLM later fell on hard days (see *Business India*, 28 December 1988). It has been a BIFR case since May 1990. "There is definitely a need for change in the top management at SLM," says a senior officer at ICICI. "The company's performance is way below par, especially since the textile industry in which they operate is doing so well." Nevertheless, along with Dave, a number of suitors have lined up for the company including Mohan Moorthy, a NRI and Batliboi and Co.

An obvious attraction for all of them is the upsurge in the textile industry. Also, even though the company has been in the doghouse in the recent past, its products still carry lot of goodwill. Then there is SLM's real estate — plants at Ahmedabad and Kalol in Gujarat and Andheri in Bombay and company residences and offices in the prime Bombay locations of Cuffe Parade and Warden Road. The residences and offices alone carry a collective price tag of Rs.5 crore — and this is the book value!

According to the ICICI spokesman (the corporation is vetting the applications on behalf of the BIFR), "We are still receiving offers from many companies to take over SLM." Dave has many reasons to feel optimistic about his chances. Even though his group companies had a collective turnover of only Rs.7 crore last year, he seems to be flush with funds. This is evident from the manner in which he pumped in money for taking over and reviving Swan Mills. The takeover artiste, however, shies away from revealing the source of his funds. "Internal accruals, friends, well-wishers," is the enigmatic answer he gives.

Pankaj Desai



Dave: penchant for takeovers

Instead, he harps on his vast experience in the engineering field and the possible synergy of his companies (Sahajanand Engineering, Navin Heat Exchangers and Noble Tubes) with SLM. Boasts a long-time Dave associate, "He shouldn't have any problems in taking over SLM. Dave's personal contacts include politicians and bureaucrats of all parties. And at the BIFR, he is on first name basis with all the key officials."

In the good books

Whether the BIFR would decide an important matter like handing over companies merely on the strength of personal associations is a matter of conjecture. But even without contacts, Dave must be in the good books of the BIFR — because of his reviving Swan Mills. In February 1991, Dave, whose family now owns 59 per cent of the equity in Swan Mills, arrived at an agreement with the Rashtriya Mill Mazdoor Sangh (RMMS) union, to retrench 1,800 of the original 4,000 workers after all their dues pending had been paid up. It cost Dave Rs.9 crore. "The process is still on," he says. "Ideally, I would like the workforce to be streamlined to 1,500 people."

Swan Mills started functioning again on 9 April 1991 after remaining closed for two and half years. The revived company began by spinning 3.5 tonnes of yarn per day and aims to reach 10 tonnes per day by end May. Production has also begun at the tyrecord division.

Dave hopes to repeat the same winning formula once he gets hold of SLM: bring in a new managerial team; infuse funds; rationalise the workforce and streamline operations. His executives project a turnover of Rs. 25 crore within a year of the company's revival and Rs. 50 crore in the second year. So confident is Dave of bagging SLM that he has already started contacting prominent people to put together a new board of directors. P.K. Kaul, former ambassador to the US, has been sounded out for the chairmanship. Minoo Karani, chairman of Hindustan Ciba-Geigy and D.M. Popat, senior partner, Mulla & Mulla, have been approached for directorships.

The ICICI presents its proposals to the BIFR on 10 June. On that day one will know if Dave's efforts at roping in these luminaries were in vain or not. Anyway, Indian industry is slowly becoming aware of this fact — a new takeover king is on the prowl.

■ RAJU BIST

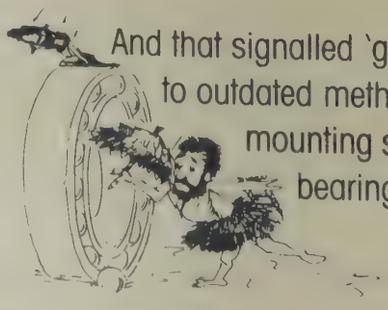


– M.K. Shetty
(Maintenance In- Charge)
New Era Paper Mills Ltd.

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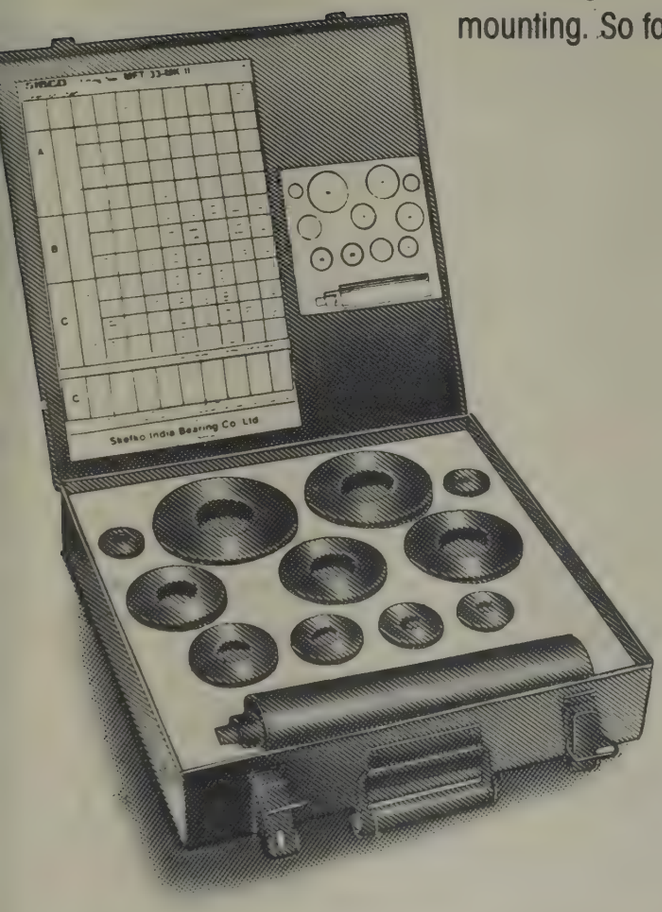


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UNITEL COMMUNICATIONS

Out of the UB fold

Problems have dogged this company from its inception, and now its private-sector promoter, the UB group, wants to pull out

Vijay Mallya's telecommunication adventure has turned out to be a disastrous one. The liquor tycoon's UB group was among the many large business houses that rushed to grab a piece of the telecommunication action in the mid-eighties. But, unlike the Tatas and the Thapars, who were successful with their ventures, Unitel Communications Ltd, a joint-sector project between Mallya's UB group and the Orissa State Electronics Development Corporation Ltd (ELCO) based in Bhubaneshwar, is mired deep in the red.

With accumulated losses touching Rs.9 crore, UB now wants to pull out of the venture. It has put its 25 per cent stake in Unitel's Rs.6.9-crore capital up for sale. Says Naaz Rovshen, president of the UB group's liquor division, who earlier headed the project as the group's vice-president for electronics and technology, "Everything that could go wrong with the company went wrong."

The problems started right at the time Unitel was being set up. First, by the time UB got its act together, as many as 18 licences had already been issued by the government to private-sector companies for the manufacture of electronic private auto branch exchanges (EPABX) and push-button telephones (PBT). That meant competition even before Unitel was operational.

Big problem

Second, with a choice of Punjab and Orissa as possible locales, UB chose the latter, for obvious reasons. "But Orissa had one big problem," says Rovshen, "Getting trained professionals to move there was not very easy." Nevertheless, the company was set up in that state with a 26 per cent stake from ELCO to manufacture 50,000 EPABXs and 200,000 PBTs.

The third problem was technology. Of the three companies shortlisted by the government to supply technology to Indian EPABX manufacturers — Oki of Japan and Jeumont Schneider and GTE-ATEA of Europe — only the first seems to have been successful in this country. The performances of Tata Telecom and Node, of the Thapar group, are proof of this. But Unitel had opted for GTE-ATEA. And now Rovshen says, "They just didn't have the capability to transfer technology."



Mallya: disastrous adventure

Unitel had problems with GTE-ATEA in many areas, including the choice of important testing machines, software and the supply of matching components. Even the documents accompanying machinery sent to the Indian company were in Flemish and had to be painstakingly translated. The Delhi customs authorities compounded the crisis further by leaving some of the imported equipment out in the open where it was ruined by the rains. This, coupled with problems in getting critical import permissions, delayed the Rs.14.5-crore project by as many as three years.

By the time the company went into production in 1988, competitors like Node and Tata Telecom had firmly entrenched themselves in the market, which already had excess capacity. Cost overruns forced Unitel to price their product higher by Rs.2,000 a line. "Even then we were making losses," Rovshen says. Worse still, capacity utilisation was abysmally low, touching just 30 per cent last year.

Adverse market conditions

Though the company did not have any problems with the technology procured for PBTs from Ericsson of Sweden, market conditions ensured the failure of the product too. Against a demand for 1.2 million PBTs a year, the installed capacity is 3.5 million, spread over more than a dozen manufacturers. And among these, only the ones who got in early, like Bharati Telecom and Rajasthan Telephones are making money. As a late comer, Unitel obviously ran into trouble. Against its licensed capacity of 200,000, its production last year was only 25,000. And general manager G. Raghu Kumar says that it costs Unitel Rs.200 more than the selling price to make a PBT.

According to a competitor, Unitel's costs are higher because of its "use of proprietary components, which increases its cost of production". And indigenisation, which would have helped the company overcome this problem, has been painfully slow.

Despite all this, the company's management personnel, especially those in ELCO, is surprisingly optimistic. Says S.K. Menon, chairman of both ELCO and Unitel, "We have set up a task force which meets regularly and reviews different aspects of the company. A rehabilitation plan will be unfolded soon for which IDBI and other financial institutions have already been approached." Raghu Kumar, too, says that capacity utilisation will be pushed up to 70 per cent.

Industry sources point out that the company has to reach an annual turnover of Rs.25-35 crore before it can break even. This means that Unitel has to sell its products with a margin of 10 to 15 per cent. But that is not feasible under present market conditions. According to Raghu Kumar, this year's turnover should be around Rs.11-12 crore and double that by 1991-92. "The very fact that we executed major installations for NTPC and ITDC in a quick timeframe indicates that a turnaround has started. We expect to break even by next year and hope to post profits three years hence." But it is unlikely that the company will be with the UB group that long.

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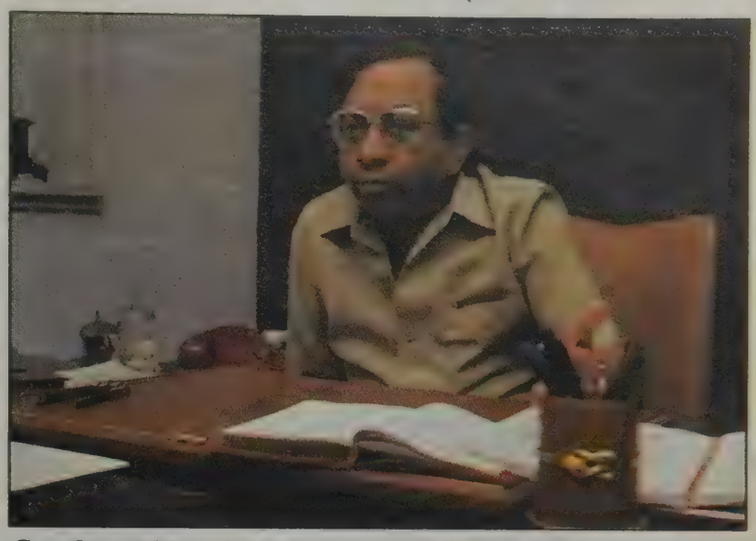
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RAYALASEEMA PAPER MILLS

Good target

The company is carrying daunting losses on its books, but it is still a good deal for G.P. Goenka



Goenka: old hand at takeovers and turnarounds

Gouri Prasad Goenka is at it again. The owner of the Calcutta-based Duncan Agro is all set to take over Sree Rayalaseema Paper Mills Ltd (SRPM), a sick joint sector paper company located in the Kurnool district of Andhra Pradesh. After the final BIFR hearing on 18 June, SRPM will become the seventh company in Goenka's Rs.700-crore group.

Starting off with Duncan Agro as his group's flagship company after the family spilt in 1982, he took over Bakelite Hylam, Herdillia Chemicals, Consolidated Petrotech, National Rayon and Star Paper in quick succession in the following years. Then came a lull. As Goenka says, "This takeover comes five years after my last takeover of Star Paper in 1986."

Goenka beat the Thapars in the race for the company. Though both the business houses had almost identical proposals, Goenka's GPG group won in the end because it controls 1.8 per cent more of the total existing capacity in the country's paper industry than the Thapars; the latter control 9 per cent through Ballarpur Industries.

Why the rush?

But with SRPM carrying losses of Rs.118 crore on its books, one wonders why there was a rush to take it over. As one corporate observer asked: "Isn't it too big a loss to be taken over?"

Word is going around that Goenka is taking over the sick paper company only to merge it with his increasingly prosperous Duncan Agro as some sort of tax shelter. Goenka scoffs at the suggestion: "Even if we want the merger, it is not practical. SRPM's huge losses will prove fatal for Duncan."

The obvious answer lies in the fact that, to set up new capacity equalling SRPM's 56,000 tonnes per annum (tpa) today would cost Goenka Rs.500 crore. Against this, he now gets all of this at less than Rs.100 crore — a good deal by any reckoning.

The SRPM case has been with the BIFR for the past two-and-a-half years. As per the BIFR draft rehabilitation scheme, it will cost Rs.30.09 crore to rehabilitate SRPM. Apart from contributing this amount by way of equity and unsecured interest free loans, the GPG group will take up the original private sector promoter's 42.84 per cent stake of SRPM's Rs.10 crore equity at the rate of Rs.4.45 per share of Rs.10 each, totalling Rs.2.5 crore. It will also negotiate with the Andhra Pradesh Industrial Development Corporation (APIDC) for immediate transfer of the latter's stake in SRPM.

Goenka will receive a waiver of penal interest and liquidated damages from the financial institutions and banks. Also, repayment of principal and accrued interest upto 30 June 1991 will be made in easy instalments. Among other concessions, the state government has agreed to ensure supply of 25,000 tpa of bamboo and restrict power cuts to 25 per cent.

SRPM was originally promoted in the joint sector by T.G. Vasantha Gupta as the private promoter and the APIDC the mid-seventies. Vasantha Gupta held 42.84 per cent of the equity and APIDC 29.19 per cent; the rest has been with various banks and the public. SRPM's capacity then, as now, was 56,000 tpa. The plant commenced production in 1979. Though the subsequent years were bad for the paper industry in general, SRPM managed to achieve higher and higher capacity utilisation, sales and profits every year till 1984-85, when production peaked at 55,946 tonne.

Bad decision

Then, the decline began. First there was a feud in Vasantha Gupta's family, and then SRPM took a bad marketing decision. The company contracted to sell its full year's production to two government undertakings — the Director General Supply and Disposal and the Government of India stationery office. "This helped the company in the short term, but in the longer term, the entire dealer network was lost," says a senior manager previously with SRPM. As a result, by 1988-87, SRPM's order book was virtually blank.

Vasantha Gupta's alleged closeness to the Congress also contributed to SRPM's downfall. This had attracted the annoyance of the state's Telegu Desam government and the company was not getting raw material from the state forests. As such, it was entirely dependent on the exorbitant open market for hardwood supplies.

In 1989, the company's loss before depreciation was Rs.32.87 crore, against sales of Rs.35.61 crore, and the accumulated loss of Rs. 118 crore exceeded the entire net worth of the company. Soon after, operations were shut down and SRPM became a BIFR case.

But now, with the state government assuring raw material supplies to Goenka, SRPM will be in a position to produce 8,000 tonnes of paper a year. Goenka, in turn, plans to invest Rs.30 crore more than his promoter's contribution to raise the plant's capacity to 100,000 tpa and set up captive power generation facilities.

Besides the fact that the GPG group is already involved in paper production, the other factor that swung the SRPM balance in its favour is its track record with reviving sick units. The group took Star Paper over in 1986 with losses of about Rs.20 crore on the latter's books; and this year it is going to be out of the BIFR's purview, having posted a sales turnover of Rs.80 crore.

"You can trust us," says Bhaskar Banerjee, director of Duncan Agro, who is confident of turning Rayalaseema around within a short span. And they may well do it. With a booming market and no fresh capacity coming anywhere else in the country, the road to recovery is wide open for SRPM.

■ KAVERI MITTRA

CHARGE CHROME

A tale of woe

A drastic fall in international prices has sent manufacturers of this vital ingredient in stainless steel reeling. Over the past two years it's been losses, shutdowns and ambitious export and expansion plans gone kaput, *though the government has done its bit to help. However, bulk consumers are happy*

Stainless steel, that everyday alloy, would not be stainless nor steel-like if it wasn't for chromium. Chromium imparts steel the hardness and the ability to withstand corrosion. But chromium — and its Indian manufacturers — has been going through some tough times of late on account of falling international prices.

Chromium occurs in nature as ferrous chromite, an iron-chromium combination, and is mined and beneficiated by manufacturers into charge chrome — still an iron-chromium combination but free of impurities — the form in which it is used to make stainless steel. Producing charge chrome is a Rs.500-crore industry in the country which is concentrated largely in and around Orissa, close to the chromite mines. The fall in international prices in the last two years has come like a sledge-hammer blow on the manufacturers, 60 per cent of whose collective production is exported. Prices crashed from a peak of $90 a pound (lb) in 1988 to less than $40 a lb all through late last year and early this year. Though there has been some improvement in the last few weeks it is still not considered good enough for manufacturers to recover their lost profits. Consequently, most Indian charge chrome makers are expected to announce large losses this year.

Ferro Alloys Corporation Ltd (FACOR), one of the larger manufacturers, for example, has reportedly made a loss of Rs.24 crore this year as compared to Rs.14 crore last year.

For FACOR and Indian Metals and Ferro Alloys Ltd (IMFA), the other large charge chrome manufacturer, the crisis seems to be as bad as the one that hit them in the mid-1980s when they lost their monopolistic position in the industry. The government till 1986 had refused to issue any new licence for charge chrome manufacturers. But intense lobbying by the then emerging Haryana business house, Jindals, did the trick when they managed to procure a licence to set up a 10,000 tonne plant at Vizag. Fifteen other licences were issued soon after. Consequently, the price of charge chrome crashed from Rs.21,000 a tonne to Rs.18,000 in less than 2 years, and is now quoting at an even lower Rs.16,000.

The Durgapur Steel Plant, Mukand Ltd, Rathi Alloys and Jindals, who constitute the country's largest stainless steel manufacturers, account for the bulk of the 100,000 tonnes of charge chrome consumed locally every year. And they of course, are rather happy with the falling prices. Says Siddharth Shah, senior manager, materials, for Mukand, "The earlier price was an artificial one on account of the shortage of production capacity. Now it has come to a realistic level." Says Sajjan Jindal, of the Jindal family that owns Jindal Ferro Alloys, whose charge chrome production is mainly meant for captive use, "We are proud to have helped break the monopoly of some of the larger manufacturers and bring down the prices. Competition is at play here." But for charge chrome manufacturers, this combination of falling local as well as international prices has proved to be disastrous.



Mishra: hopeful



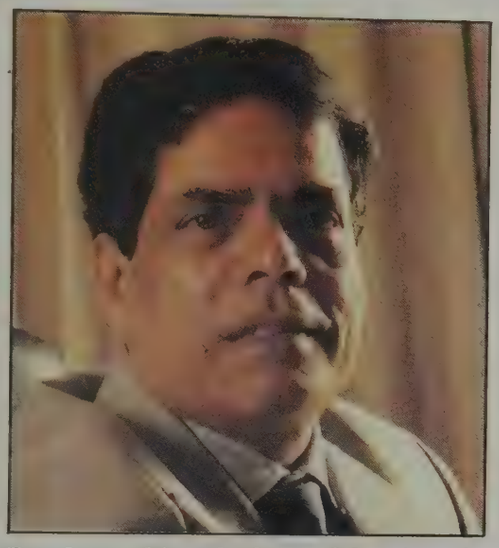
IMFA plant, Thembali, Orissa: "exports are no longer viable"

The total charge chrome demand worldwide is roughly estimated to be around 2.7 million tonnes per year which goes into the 10 million tonnes of stainless steel manufactured annually. The total capacity of charge chrome production is now estimated at 3.2 million tonnes. In 1986-87, the stainless steel production growth rate worldwide was roughly between 6 to 7 per cent per annum. It continued at the same level till the middle of 1988. Expecting this growth rate to continue charge chrome industries all over the globe added capacities. But the growth rate of the stainless steel industry came down dramatically in the latter half of 1989 to about 3.5 per cent and directly affected the charge chrome industry.

Rapid expansion

Like their counterparts elsewhere, Indian charge chrome manufacturers had also gone in for a rapid expansion of capacities to cash in on what appeared to be an imminent export windfall. The total licensed capacity of ferro chrome (as charge chrome is also known as) rose from 207,500 tonnes in 1988 to 555,000 tonnes a year later. Of this, as much as 317,500 tonnes was from EOUs alone, though not all these actually materialised in the form of production units.

Almost every large manufacturer of charge chrome went in for an EOU unit much bigger in size than the operation for the domestic market. FACOR, which had a 48,000 tonne plant, set up a 100 per cent EOU with a 50,000 tonne capacity at Randia in Orissa's Balasore district. IMFA which has a 15,000-tonne plant at Therubali in Koraput district set up a 50,000-tonne EOU at Chowdwar in Cuttack district. OMC Alloys Ltd set up a 50,000-tonne unit at Bamnipal in Keonjhar district, also in Orissa.



Panda: making the best of the situation

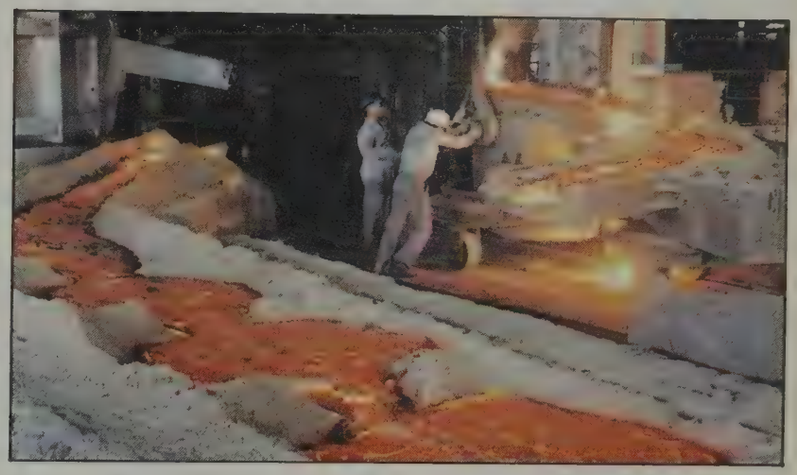
But things didn't work out as planned on the export front and the result has been that almost all the companies have made major losses. Exports rose but not at the pace at which the manufacturers set up their units. Total exports from India rose from a meagre 39,000 tonnes valued at Rs.24.65 crore in 1987-88 to a record 118,466 tonnes (Rs.137.20 crore) in 1988-89. But in the last fiscal year shipments fell to 90,903 tonnes worth only around Rs.120 crore. As a result, companies who went in for massive expansion found themselves saddled with investments that fetched no returns.

Facing closure

OMC for example set up its 50,000 tonne EOU at a cost of Rs.59.80 crore. It went on stream in May 1987 but is now on the brink of closure. It has incurred a cumulative loss of roughly Rs.25 crore till the end of financial 1989-90, and has served lay-off notices to its 1,200 odd employees. But, due to the state government's intervention, the notices have been revoked. The plant which had produced 90,140 tonnes of charge chrome till 31 July last, had exported 78,505 tonnes, earning foreign exchange to the tune of Rs.75 crore.

But, the recession in the industry has resulted in the accumulation of unsold stock of 11,500 tonnes. Says R.K. Das, managing director of OMC Alloys Ltd, "When the project started, the estimates were that the cost of production would be Rs.3,700 per tonne and the sale price fixed at Rs.4,300 per tonne. But the rise in the cost of inputs — in certain cases by 300 per cent — had shot up the cost of production to Rs.14,500 per tonne as against the sale price of Rs.8,500 per tonne. Add to this the recession in the stainless steel industry and the slump in the international prices of charge chrome. We are doomed."

Sales in the domestic market have also been affected, mainly due to the spiralling input costs for ferro-alloys production and the general liquidity crunch. The cost of power in Orissa has gone up from 24 paise to 110 paise per unit and is constantly rising. A few years ago power used to cost about 50 paise per unit. Today, it costs about 150 paise per unit in Maharashtra and slightly lower in Karnataka (and, of course, Orissa) where the major ferro-alloys industries are located. Raw material costs of coke and chrome have shot up nearly 200 to 250 per cent.



Molten metal at IMFA plant: "what's the use?"

The effects of all these constraints are most glaringly evident on the balance sheet of two of the largest charge chrome manufacturers in the country, FACOR and IMFA. FACOR's officially announced results for the first six months of 1990-91 show that the company lost a staggering Rs.11.75 crore during April to September 1990. In the corresponding period of 1988-89 it had reported a net profit of Rs.12 crore. Even the turnover tumbled from Rs.104.11 crore to Rs.93.25 crore. This is attributed to the crash in the world market prices for charge chrome. Says a senior company official, "Export of charge chrome is no longer a viable proposition."

Furnace shut down

IMFA has posted a loss of Rs.1.5 crore this year and saw its total turnover in 1989-90 come down to Rs.53 crore from Rs.76 crore in 1988-89 (fifteen months). In 1989-90, its exports came down to Rs.15 crore from Rs.27 crore in 1988-89. As a precautionary measure, IMFA had shut down one furnace for nearly a year. Laments one senior executive, "What is the use of continuing production when the loss per tonne of production is around Rs.3,000 to Rs.3,500. We are somewhat saved because of our 108 MW captive power plant which has reduced our input costs. Power is a major input in ferro/charge chrome production."

Now, IMFA is arranging shipments on CIF basis instead of the earlier FOB. Through this device they are earning four cents more on every tonne of charge chrome exported. IMFA is also drastically reducing its inventories and vigorously pursuing with the state government for grant of chromite ore mining leases (*see box*).

Second thoughts

Sensing the general squeeze in the chromium alloys industry, the depressed stainless steel market, general political instability, the liquidity crunch, the two 50,000 tpa projects planned by the Ispat group and Tata Iron and Steel Company (TISCO) have been temporarily stopped, according to industry sources. While, the Ispat group has adopted a wait and watch policy, TISCO has entered into a conversion deal with India Charge Chrome Ltd (ICCL) (of the IMFA group) whereby TISCO will supply chrome ore which will be converted into charge chrome for a conversion fee. (TISCO has more than 60 per cent of the country's chrome ore reserves.) Says B.J. Panda, joint managing director of ICCL, "This arrangement will be profitable for the company. Uninterrupted operations in the charge chrome plant are expected throughout the year in

Sharing the spoils

The battle for chromite ore reserves is hotting up. The Supreme Court, in a recent judgement on a dispute over leasing rights, has confirmed the recommendations of B.K. Rao (then secretary, ministry of mines). Earlier, the court had referred the entire controversy to B.K. Rao for a detailed consideration of the claims of the various parties.

Orissa Mining Corporation (OMC) and Industrial Development Corporation of Orissa Ltd (IDCOL), the public sector units in Orissa, had claimed that they were entitled to the grant of mining rights in the state to the exclusion of all private parties as there was a reservation in their favour. And private enterprises — IMFA, FACOR, Orissa Cement Ltd (OCL) and Orissa Industries Ltd (ORIND) — objected to the intervention of the OMC and IDCOL.

OMC and IDCOL were asking for exclusive mining licences (MLs) in the Sukinda valley of Cuttack district of Orissa which accounts for 97 per cent of the country's chrome ore reserves. They felt that the allotment of the areas to FACOR and IMFA, contiguous to OMC areas, will "lead to fragmentation of the mining lease which will leave reserve on the boundary unexploited". Also, they contended that OMC caters to the needs of 60 chrome-based industries in the country and also exports substantial quantity.

It was further argued that though the OMC holds only 19 per cent of the total chromite ore reserves, it accounts for 50 per cent of the total production whereas the private sector, holding 81 per cent of the total chromite ore reserves, accounts for the other 50 per cent of the production.

Rao rejected these arguments and recommended the grant of chromite ore mining leases to ferro/charge chrome units — one to FACOR, two to IMFA and one to M. Aikath — to the extent of at least 50 per cent of their captive requirements. It was then that the concerned parties, excepting TISCO, went to the Supreme Court against the award.

The battle for chromite ore leases has to be seen against the background that India has only a little over three per cent of the world's ore deposits of chrome. Out of this, 81 per cent is already with the private sector, TISCO holding 69 per cent of the deposits. OMC has 21 per cent, FACOR 4 per cent and others including IMFA hold the rest. Rao pointed out that TISCO held leases for 93 million tonnes of chromite as against only 25 million tonnes by the OMC and FACOR has two leases of 5.1 million tonnes of reserves while IMFA had none till the filing of the writ petition.

He also observed that "the position is distorted to the extent that three-fifths of the total chrome ore reserves is in the captive mines of TISCO," which has no ferro/charge chrome plants. Adds one executive of a private sector charge chrome company, "The Tatas are mere traders in chrome ore, yet they make a neat profit of Rs.400 crore." The Tatas naturally deny these huge profit margins.

A TISCO spokesman alleges that other parties do "slaughter mining", wasting the strategic mineral. He feels TISCO has a technological edge over others. "Other parties have overestimated our position of reserves," he says. "Besides, we have invested crores in prospecting and mining. The agencies have not bothered to properly study the reserves in the leases held by other parties. OMC has three times more of reserves in their captive mines than what they care to admit." Tata's chromite ore leases currently measure 1,261 hectares, but will be reviewed in 1993, since the state government has decided to take into consideration the production capacity of a concern while granting it mining leases.

IMFA also has a grouse. Says R.N. Mishra, executive vice-president of IMFA, "We have the largest investment in chrome sector and yet we have not got any MLs." The leasehold of 26.62 hectares which it got at Chungudipal in 1986 had to be returned due to environmental objections. It meets its chrome ore requirement of 300,000 tonnes a year through purchases from TISCO and OMC and also imports, at high prices. "Now we are hopeful that the state government will consider our case sympathetically," adds Mishra.

FACOR already has three MLs with proven reserves of 5.1 million tonnes at Boula, Kathapal and Ostapal and a new ML has been confirmed by the SC. Whereas their total chrome ore requirement is about 250,000 tonnes per year, the production from all their three captive mines ranges between 100,000 and 120,000 tonnes. "We purchase the rest from OMC and TISCO," says its chief geologist here.

IDCOL, the first to set up the 10,000 tonne capacity ferro-chrome plant, has plans to expand the capacity to 25,000 tonnes, without any captive mines of its own. The SC has rejected its claims and all it has got now is a prospecting licence in Tailangi area of 2.37 sq km. Says N.R. Hota, its managing director, "Our total requirement is 25,000-30,000 tonnes of chrome ore a year. OMC is supplying about 50 per cent of the requirement. The rest, we are buying from outside, which affects our production."

Most of the private mining leases of chrome ore are up for review during 1992-94. It remains to be seen how the state and the Centre will pacify the warring parties.

view of regular supply of chrome ore from TISCO and availability of power from our captive power plant which is a major advantage over our competitors." The competitor, in this case, is FACOR.

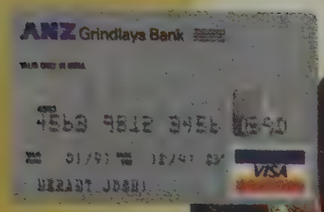
To bail out the industry from the fall in the export market prices, the government increased the cash assistance to 15 per cent of FOB value and made this facility available to 100 per cent EOUs. Says R.N. Mishra, executive vice-president of IMFA, "The very marginal rise in world prices as also the increased assistance by the government will help put the industry back on the rails and perhaps revive its fortunes." According to R.K. Das, managing director of OMC Alloys, "As of now, it is a struggle for survival. One should not be overtly pessimistic. We should be patient in 1991 and hopeful in 1992. The industry as a whole should be out of the woods by 1994-95." K.G. Nair, general manager, international trade, of IMFA, is more categorical, "My estimate is that we will attain the break-even stage by the end of 1991 and by 1992 we will have a very profitable market."

For the moment though, it seems that it is only the hope of better times which is sustaining the major charge chrome players in India. ■

NAGESH RAO

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You can choose how you would like to pay. You can pay the entire bill at the end of the month. Or just 10% of the total outstandings. Or any amount over 10%.

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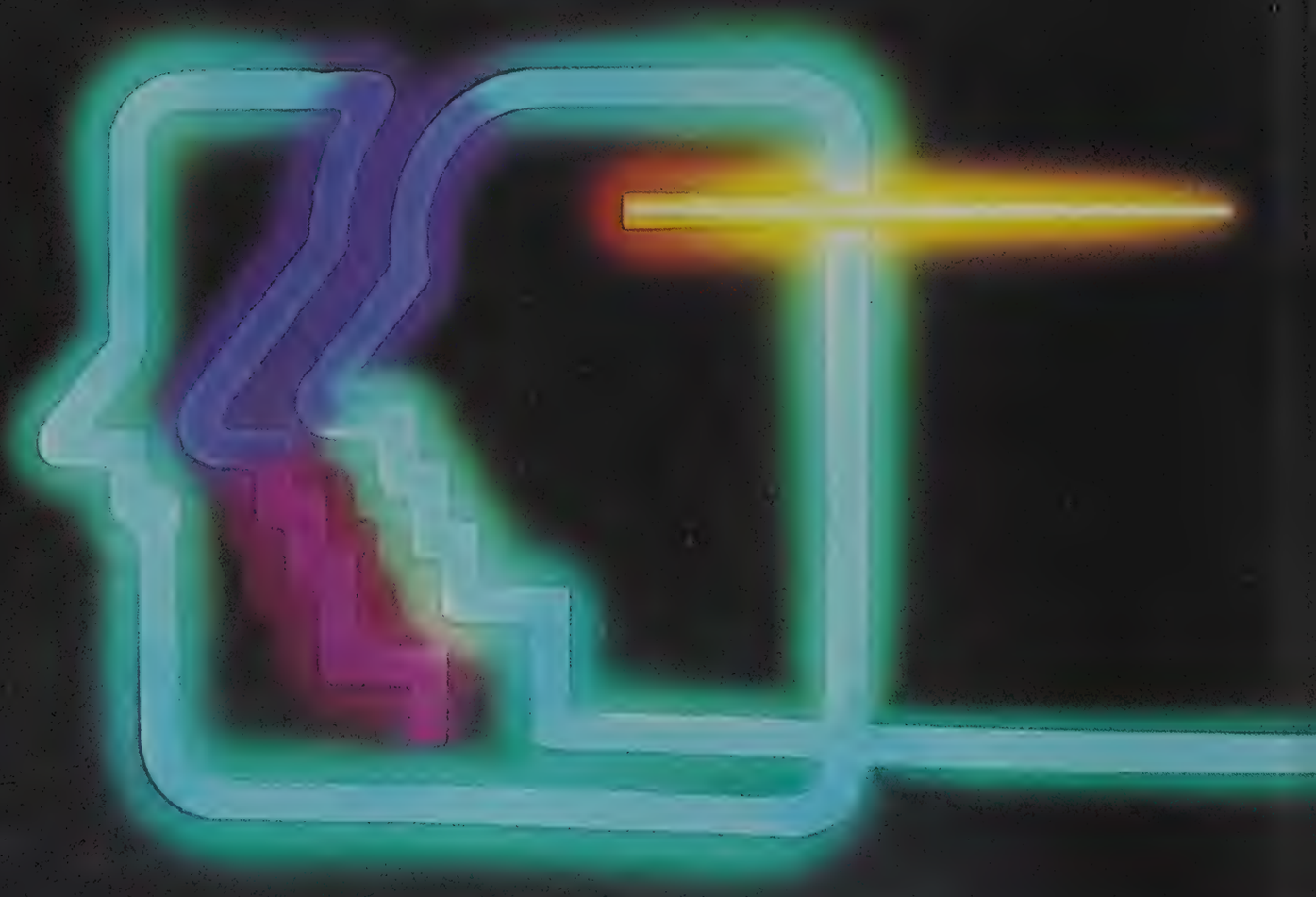
ANZ Grindlays Bank

THE
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ANZ GRINDLAYS BANK – MAIN BRANCHES – BOMBAY – 90, M.G. Road, Ph: 270162. ☐ CALCUTTA – 19, N.S. Road, Ph: 208346. ☐ NEW DELHI – 10, Sansad Marg, Ph: 312004. ☐ MADRAS – 19, Rajaji Salai. Ph: 589131. ☐ AMRITSAR – Gandhi Bazar, Ph: 43217. ☐ BANGALORE – Mission Road, Ph: 220300. ☐ COCHIN – Bristow Road, Willingdon Island, Ph: 69076. ☐ DARJEELING – 49, Laden La Road, Ph: 2777. ☐ [illegible] – Fancy Bazar, Ph: 40597. ☐ HYDERABAD – 5-9-234, M.G. Road, Abids, Ph: 237506. ☐ KANPUR – 16, M.G. Road, Ph: 211462. ☐ SHIMLA – The Mall, Ph: 3025. ☐ SRINAGAR – Sherwani Road, Ph: 76935 [illegible] 44, Beach Road, Ph: 20817

SPEER 28 302 91A

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At Escorts, our mission has always been to seek out such people and encourage them to grow, in an environment that cherishes the creative spark and the will to overcome.

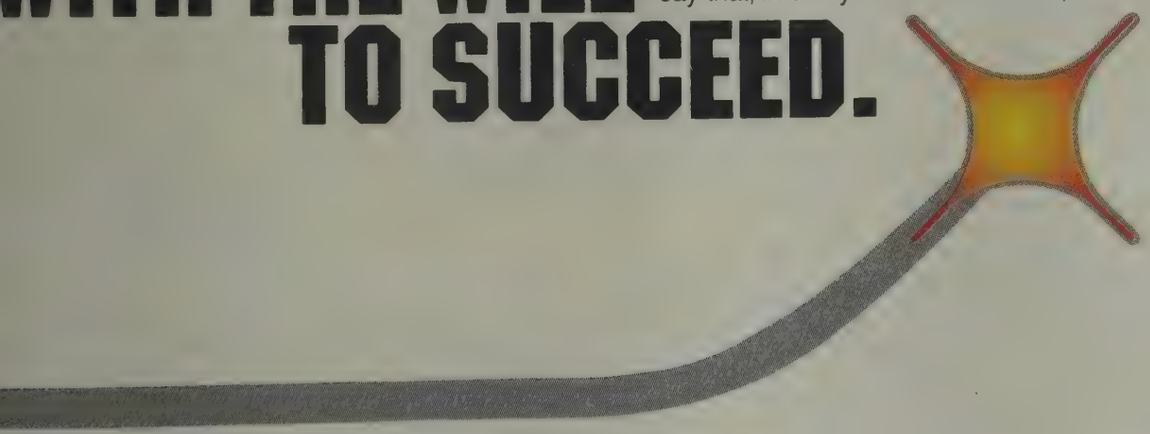
Our objectives are clear; clarity of purpose, and motivating the individual to achieve the fullest success while working in a team. Throughout the year these objectives are pursued through programmes for enhanced productivity and quality at all levels. Today Escorts is one of the few companies where all blue-collar employment is pensionable — and where incentive linked payscales have dramatically boosted efficiency. Performance has its rewards.

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No matter how advanced manufacturing techniques become, it is the human being who adds value. And in an age where the very latest technological innovation becomes common property in a matter of months, it is people who, by managing that technology in a way that serves the customer better, provide the winning edge.

The people at Escorts have consistently demonstrated the power of performance that exceeds expectations and creates new goals. They embolden us to take on even bigger projects. And to say that, in every sense of the word, the future is here.

BACKING PEOPLE WITH THE WILL TO SUCCEED.



ESCORTS LIMITED

THE POWER OF PERFORMANCE

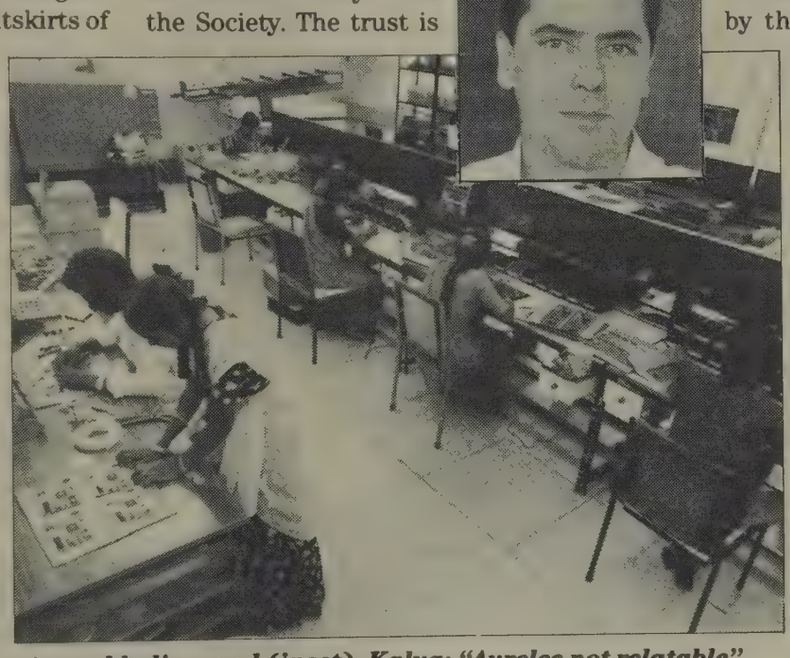
Anthem/EL/1077 3


NEWMAN EVENING WEAR ◆ ROMANCE THE NIGHT WITH PARTYWEAR FROM NEWMAN. IN STYLES RANGING FROM CLASSIC TO DARING.
THE FASHION CAPITAL
SOUTH EXTENSION ◆ KAROL BAGH ◆ PALIKA BAZAAR
NEWMAN
ONLY IN NEW DELHI
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The Aurelec controversy

In late March, 140 members of the marketing staff of Aurelec Data Processing Systems (ADPS), the Pondicherry-based computer manufacturer, quit their jobs to form Nexus Computers Private Ltd (NCPL). "Uncertainty regarding ADPS's future induced us to make this move," explains S. Natarajan, branch manager, ADPS, Madras. The new company will take on marketing and maintenance of computers, beginning with the Aurelec range.

The "uncertainty", springs from the takeover of the Auroville assets by the government. Set up in 1968 on the outskirts of Pondicherry to fulfil Sri Aurobindo Ghosh's vision of universal brotherhood, Auroville has many manufacturing units. These units were launched by the Sri Aurobindo Society started by Aurobindo's French disciple, Mirra Alfassa (the Mother), to implement the Auroville project. "The Aurelec however, does not come within the Society's perview, it is a separate trust," claims Kalya (Michel Lemaire), the Mother's great grandson and chief executive, ADPS.



Assembly line and (inset) *Kalya: "Aurelec not relatable"*

Carving a niche

ADPS was set up as a trust by Kalya, Sunaina Mandeen and Ulrich Blass in 1980. The bulk of the initial investment of Rs.3 lakh was provided by Mandeen. Having no shareholding or capital resources, ADPS had to provide for growth and development from sales. Banks provided working capital support. The company netted a turnover of Rs.10 crore during 1989-90, the net profit being Rs.70 lakh.

Soon ADPS carved a niche for itself in computer networking. It built its reputation on the use of indigenous components, at a time when government restrictions on import of components were stringent. In addition to hardware, ADPS also produces lap-top add-on products, network-related software, etc. A recent survey by computer magazine *Dataquest* accorded ADPS the premier position in terms of customer satisfaction. "Despite its low volumes, ADPS is technically and professionally sound," maintain computer industry sources.

In 1988, by an act of Parliament, the government took over the assets of Auroville and vested them with a body corporate called the Auroville Foundation, to be administered by a custodian appointed by the government. All units which were 'relatable' to the Society, were to be henceforth be vested with the Auroville Foundation, administered by a government custodian.

And Aurelec was also treated as one among them. "Aurelec's contention is that it is not 'relatable' to the Society," says Kalya. "What does 'relatable' mean? ADPS has not taken money from the Society. The trust is self-financed, so how can it be taken over, without paying a compensation, especially when ADPS has a net worth of Rs.2 crore?" he asks.

Case dismissed

Though located outside the city limit of Auroville, over the years ADPS has been making donations to the Society and "the trustees of the Aurelec trust have been interested in the Auroville project and involved in it in various capacities," explains Kalya, who feels that this must have been the reason the 'relatable' clause is applied to ADPS.

In late 1990, ADPS filed a case in the Madras high court, to prove that it is not 'relatable' to the Society, but this was dismissed in January 1991. The main reason cited was that under the Auroville Emergency Act, 1980, ADPS voluntarily came under the supervision of the government custodian for a six-year period from 1982 to 1988. "Since we were a fledgling firm at that time and the transfer did not involve transfer of assets and was of a temporary nature, we did not then object," explains Kalya. But the Auroville Foundation Act involves a transfer of assets as well, so ADPS has gone on appeal.

In addition, in February 1991, the company filed a second case in the Madras high court challenging the Act itself and Kalya is confident that they will emerge victorious. Unfortunately, ADPS will have to go it alone. "The other units which are affected by the Act are smaller manufacturers — of items like incense, tanks, roofing material, etc," he says. Several of these units are already administered by the government custodian while ADPS obtained an injunction in 1988. Further, ADPS is the only hi-tech company with a national image.

The employees are concerned about the role of the custodian in controlling ADPS's finances. "Interference in this sphere cannot be ruled out, particularly with regard to new investments," says Natarajan. Also they feel that the working environment "which provides for independent functioning" may change once the custodian steps in. "The decision to form a new company was taken only when the present management could not provide us a guarantee regarding the future of the company," says Natarajan.

Kalya claims that the management of ADPS will not have a financial stake in NCPL, nor will it be involved in its management, good-will apart. About 40 per cent of ADPS's sales are brought in by its six existing dealers, and "NCPL will emerge as a major dealer for ADPS," he opines. The production and assembly units at Auroville will continue to function under ADPS. Since an injunction has been obtained against implementing the Act, Kalya believes that production will not be curtailed.

"There is no plan to spin this off into a separate company," he affirms. He does not expect the present development to affect production and sales. Sources in the industry concur with this point of view. But optimism apart, the legal battle has to be won before ADPS begins to breathe easy again.

■ DHARANI K. PANI

CYCLONE IN BANGLADESH

Prayers for the dead

On 7 May 1991, a week after a giant cyclone had pulverised Bangladesh, when Khalida Zia addressed her countrymen for the first time since she became the prime minister in March, she called on them to pray for the country's dead. By doing so, she was replaying what is essentially an old scene: Bangladeshis have often had to pray for their dead in starkly similar circumstances.

The geographical area that became Bangladesh in 1971 has been a regular victim of nature's wrath. In the past two hundred years, as many as 60 cyclones have struck it with varying degrees of force. But all have killed people. So, though Zia's words were nothing new, her government's undeniable failure in alleviating the suffering caused by the present cyclone prevented them from giving solace. After all, prayers for the dead have now become necessary only because the government could not keep them alive.

Clearly, this was one cyclone that ought not to have caught the government unawares. Meteorologists from India and even Bangladesh itself had warned the government about the cyclone well before it struck; the Bangladesh Space Research and Remote Sensing Organisation had in fact issued a warning five days in advance. Despite this, the government was caught on the wrong foot. And the cyclone — much larger in size than the country it wreaked its havoc on — killed 125,000 people and damaged property worth $1.42 billion, a fifth of Bangladesh's GDP.

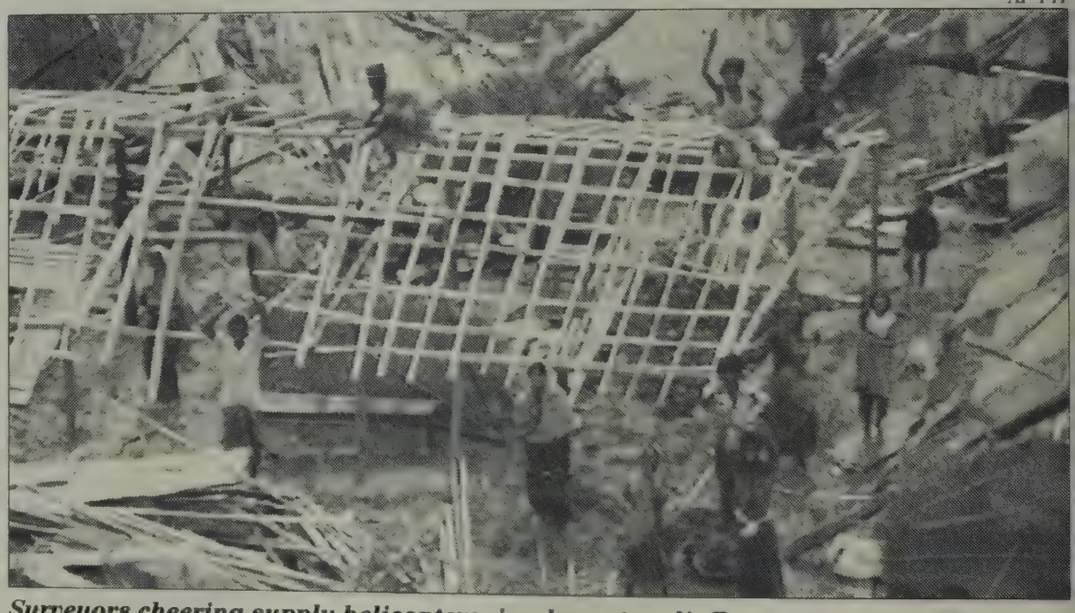
Questionable claims

The government did little to evacuate people from even the particularly vulnerable coastal districts and the alluvial islands in the Ganges delta. It claims that over 3 million people were moved out of this zone, but this is highly questionable given Red Cross estimates that one out of every ten residents from this zone perished in the storm. Journalists in Bangladesh have since claimed that only a few thousand families were actually evacuated.

The governments' insufficient evacuation efforts were further hampered because of three reasons. First, extensive damage to airforce planes prevented the government from launching organised evacuations as soon as the cyclone's strength had abated. Second, though warnings of the storm were broadcast several times on radio and television, well before the storm, they did not reach the coastal residents because many of them are too poor to own radios or television sets. And third, many farmers refused to abandon their crops, which were then almost ready for harvest.

Though about 100,000 people escaped certain death by hunkering down in the 300 concrete cyclone shelters the government has erected in the coastal areas as part of its cyclone management plan, many who died were people who could not find such refuge. By the time the cyclone struck, the government had put up only 13 per cent of the total number of cyclone shelters that had been specified as essential if the population was to be insulated, as far as possible, from the recurring cyclones that plague Bangladesh.

AP PTI



Surveyors cheering supply helicopters: inadequate relief?

Certainly, resource constraints have been largely responsible for this tardiness. With a per capita income of $170 per year, Bangladesh is one of the poorest countries in the world. However, the government does not seem to have considered it necessary to have found the money for fully implementing its cyclone management programme. In fact, a senior Bangladesh High Commission official in New Delhi seemed content to say, two weeks after the tragedy had occurred, "Bangladesh is a poor country. And the resources required for such a major project are huge. What can we do if we don't have those resources?"

Disaster management

The tragedy thus clearly showed up the Bangladesh government's claim that disaster management is one of its top priorities. At present the Bangladeshis are too numbed by death to react. They are also too busy trying to fight hunger and diseases like cholera and typhoid that have come in the wake of the storm, to have time to reflect. But when life returns to normal, they will look back in anger. Then Zia will have the tough job of convincing them that though the government messed up this time around, it will be ready to protect them when the next storm comes. (The cyclone in November 1970 that killed between 300,000 and 1 million people was clearly managed badly by the government of what was then West Pakistan. And this was a major reason why the people became violently dissatisfied with it; dissatisfied enough to engage in the civil war that ended with Bangladesh's independence.)

The tornado that slammed into an industrial suburb of Dacca on 7 May — the same day that Zia asked Bangladeshis to pray for their dead — is perhaps a good symbol of how people will soon feel. It flattened houses, uprooted trees, snapped power-lines, and killed 200 people. Unless the present government handles the relief work now in progress better than it did the pre-cyclone evacuation, it could well find itself out of power. And then, another dictatorship would probably emerge even before Bangladesh has quite renewed its nodding acquain-

ance with Parliamentary democracy.

But as relief work entered the second week of operations, it was clear that the government was labouring under severe problems. Charges were made that the relief being given was inadequate and also that there were several remote areas where the government had been unable to reach many marooned people. Zia was also taken to task by the press over the apparent lack of co-ordination between the several relief agencies in the field. She angrily retorted: "Had that not been there, many people who survived the cyclone would be dead by now." It was an honest enough answer. However, it did not show the sensitivity she will soon need to engage in the delicate task of re-winning the trust of her people.

Pledges for assistance

Zia's immediate problems are, however, quite different. She needs at least $56 million at once for the relief operations. To date she has received pledges for assistance from the EEC, Japan, the US and India which total about $16 million. UNICEF's disaster relief fund has also pledged another $1 million. But these amounts are nowhere close to what she requires to put her country up on its feet at least for the immediate present. She will, of course, need even more money to rebuild the fragile economy.

The cyclone and the tidal waves that followed have swept away 90 per cent of the entire summer crop of the country. And most commercial activity has been badly hit because it is centered around the now devastated regions of the coast. Since agriculture accounts for 46 per cent of the GDP and trade accounts for another 28 per cent, the storm has directly affected activities that constitute three-quarters of the total GDP of the country. Another worrying factor is the large proportion of subsistence farming in the total agricultural production; this means the government will have to provide substantial food aid to all the subsistence farmers who have lost their crops this year.

The storm has also been a setback to the fishing industry in the country. It has crippled most of the trawlers and the indigenous boats used to catch the fish which make up the staple diet of most Bangladeshis and the shrimp that were exported to gain the country much needed foreign exchange. (Shrimp, along with jute, tea and newsprint contributed 98 per cent of Bangladesh's exports in the last year). So, its exports will slide this year, putting further strain on the BoP position and increasing the trade imbalance caused by an already high level of imports. (Imports were two-and-a-half times the value of exports in the past year, and will now go up further as a multiple of exports.)

Unfettered private sector

Bangladesh's poverty has long obscured the fact that government intervention in its economy is significantly smaller than that in India or Pakistan. The Bangladesh government controls only six specific sectors in the economy: defence, power, forest plantations, airlines, telecom and the printing of currency notes. And though there are several large public sector banks too, Bangladesh has many private sector banks of a comparable size. Overall, this means that in Bangladesh the private sector plays a much more unfettered role that it does in the rest of the subcontinent. The economy's recovery will therefore depend crucially on the manner in which the government is able to harness the power of the private sector.

Another factor that may well spur the recovery of the economy is the government's open-door policy, for foreign investment. This allows foreign companies to set up wholly-owned industrial units in the country and also to repatriate their entire profits from those units. For example, this policy attracted Korean garment exporters to Bangladesh in the early eighties and was largely responsible for the $100 million worth of garment exports the country posted a couple of years later.

But even after the economy recovers from the deliberating effects of the current cyclone, Bangladesh's future will continue to be precarious unless the government seriously gets down to implementing its comprehensive cyclone management plan. The Bay of Bengal naturally spawns cyclones, directly south of Bangladesh, just off the Andaman Islands. The cyclones then travel northwards. Narrowing coastal boundaries act like a funnel and amplify the storms. By the time they reach Bangladesh, they are ready to kill.

Another major problem that Bangladesh also needs to tackle is that of recurring floods. An alluvial plain created by the two largest rivers of the subcontinent, the Ganges and the Brahmaputra, Bangladesh has to bear the brunt of the huge quantities of water carried by the two rivers. Extensive deforestation in India and Nepal, say some experts, causes Bangladesh's floods. Other experts argue that the lack of a proper flood control strategy is the real issue. Barely a month before the current cyclone hit the country, work had begun on a World Bank sponsored action plan to design a viable flood control strategy for Bangladesh. This will be completed in the next few years. But any steps that Bangladesh takes to control floods will need the cooperation of India, Nepal and China. Sadly, India has not seen it fit to cooperate so far.

Bangladesh will have to win its neighbours over. It has no other option. For otherwise, prayers for the dead will be called for, year after year after year.

■ ARIF SHARIFF with HIREN BOSE

AP/PTI



Scene of devastation: 90 per cent crop destroyed

INDO-US TAX TREATY

Version 37 provides a break

On 1 April 1991 — exactly three months after it had come into force in the US — the first ever Indo-US income tax treaty came into effect in India. While an earlier treaty had been signed in 1959, both countries were unhappy with it and it never came into force. The wrangling over a new, more acceptable treaty that followed, lasted for three decades! Finally, on 12 September 1989, a new draft was signed. Following its ratification on 20 December 1990, the treaty came into force as per schedule and is now a part of public international law.

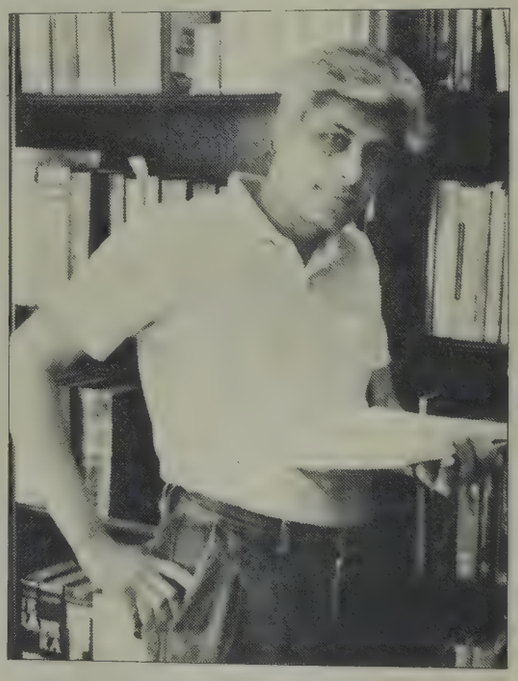
India has entered into almost as many tax treaties — 37, including the present one — as the number of years that it has been a free nation. For bilateral tax treaties reconcile the differences in approach of two different tax structures. They enable the two peoples to avoid 'double taxation'. They encourage trade and investment flows between the two countries. And, they allow the taxmen to exchange information, improve tax recoveries and check tax evasion.

Tax sparing

Paradoxically, the present treaty was delayed because Indian negotiators took matters too seriously. Nishith M. Desai, a Bombay-based international tax counsel, points out that much of the delay was caused by the Indian government's insistence on the inclusion of a 'tax sparing' clause, something the Americans flatly refused to do.

The present treaty does not have a tax sparing clause. Tax sparing is fairly crucial, at least in theory, for a developing country like India. In order to encourage foreign investment in their countries, developing country governments often exempt from income tax the earnings foreign investors derive from their investments there. If a foreign government taxes such incomes as if income tax had actually been paid in the developing country — that is, it gives a tax credit for taxes that have been 'spared' — the tax exemption actually benefits the investor. Otherwise it doesn't. This explains why Indian negotiators fought so hard for a tax sparing clause that they almost scuttled the treaty!

The present treaty seeks to avoid or mitigate 'double taxation'. Double taxation arises because both the US and India tax their residents on worldwide incomes. And definitional differences in the concept of residence in their tax laws cause some individuals to be treated as residents of both countries. The specific reliefs the treaty allows are as follows: The tax paid to the US on any income will be allowed as a deduction against the tax payable to India on the same income, and vice versa. The US will also allow as a credit to an American company which receives dividends from an Indian company, the income tax paid by the Indian company on those dividends. (Provided the American company holds ten per cent of the voting stock of the Indian company.)



Desai: 'tax sparing' problem

A treaty first

The treaty provides for profits derived from international shipping and air transport by an enterprise to be taxed only in the country of which it is a resident. While this mutual, total exemption for air transport is also a part of the other bilateral treaties India has signed so far, this treaty is the first to extend it to shipping activities.

Dividends received by a resident of one country from a company in the other country will continue to be taxed in both countries. However, if the dividend recipient is a company which owns at least 10 per cent of the voting stock of the company paying the dividend, it will have to pay only 15 per cent of the gross amount of the dividend as tax; not the usual 25 per cent. The treaty stipulates that interest income paid to the US government, approved institutions and to Exim banks will be totally tax exempt; that paid to US banks will be taxed at 10 per cent and all others will pay 15 per cent.

The treaty has also slashed tax rates on royalties and fees for 'included services' down to 15-20 per cent. (The treaty defines included services as technical or consultancy services which are ancillary and subsidiary to the sale of equipment or information; not tied inextricably to the sale; and involve the transfer of a technical plan, design on process.)

Desai points out that while this reduction in the tax rate on royalties and included services is significant, it is still high compared to the rate the US has negotiated with other countries. He also clarifies that an accompanying MoU gives examples of included services to help interpret them.

Finally, the treaty allows the US to impose a special tax on the permanent establishments of Indian companies there. It also accepts that US companies in India will be taxed more than Indian companies: but with the difference not to exceed 15 percentage points. So now their tax liability will come down from the usual 65 per cent to 55 per cent.

Thus, overall the treaty has clarified and improved upon the contradictory stances in the Indian and the US tax structures. To date, India has scrupulously followed the principle of international law that says 'a treaty always overrides the provisions of domestic legislation'. Unfortunately, the US hasn't; especially with respect to its other bilateral tax treaties.

The Vienna Convention on the Law of Treaties which came into effect on January 27, 1980, authorises a treaty partner to respond to a major branch in the treaty by terminating it entirely or by terminating or suspending any provision. But none of America's treaty partners have yet responded to a treaty override by terminating or suspending it; that would be a cure worse than the disease. International law, after all, is not enforced by an international police and court system. And so it is susceptible to all the pressures of realpolitik. ■

NAVAL B. GHIARA

The great outdoors



SILVESTER DACUNHA

The recently presented Aaren Awards for outdoor advertising gave the ad profession an opportunity to review the state of this art. Hoardings are one of the least understood (and perhaps most misunderstood) of advertising opportunities. Most multi-media campaigners fail to appreciate the magic of the great outdoors. There's a widely held misconception that hoardings are merely a "reminder" medium — to be availed of only after an advertiser has established a sufficient presence on television and in the press.

Not altogether true. Amul demonstrated what the outdoor medium can achieve to get people to open their wallets. A small insignificant brand in the mid-sixties, Amul butter decided to take the message to the streets, at the same time cutting out advertising in all other media. In a few years, the product was a brand leader.

Medium is message

Out of home advertising packs the quality of "exaggeration". A name seen on a hoarding makes the advertiser come across as a large successful corporation while he may only be a modest, struggling enterprise. The medium is the message.

Movie publicists were the first to exploit the enormous potential of billboards. Hindustan Lever has made a long-term investment in billboards, spread all over the country. And other consumer giants are committed to this medium. But these are exceptions rather than the rule.

Why do most advertisers shy from going *al fresco*? To start with, this is not the easiest medium to buy. An adman cannot blithely pick up a phone and order up a dozen good hoardings. Availability of hoardings is severely restricted and all major cities have laws strictly regulating their proliferation. In Bombay, there's an embargo on new hoardings. In Delhi, a total ban operates in the key city areas. On the capital's outskirts, the few good hoardings that exist are periodically re-auctioned to the highest bidder, making it difficult to plan a consistent long-term campaign.

Then again, the most attractive hoarding sites tend to be located at city centres — Mount Road in Madras, Chowringhee in Calcutta, M.G. Road in Bangalore. These prime thoroughfares can accommodate just so many ad sites leading to frustration among those who cannot buy in.

Not all advertisers, of course have products that lend themselves to expression on hoardings, where a terse simple message must get across. Jensen & Nicholson paints made their mark with the single sentence, "When you see a colour think of us." Charms cigarettes set the market aflame with one line, "The spirit of freedom". Advertisers with complex stories to relate are best advised to give hoardings a miss in favour of a press advert (or even a brochure). Paradoxically, financial advertisers have, of late, adopted hoardings for their long-winded presentations. A motorist or bus commuter speeding past can hardly be expected to study, let alone absorb, these complicated effusions.

Costly affair

Hoardings are fast becoming the preserve of the big spender. Site rentals have gone through the roof. A Bombay sea-front site cost Rs.1,000 a month in 1975. By 1980, the same client had to cough up Rs.10,000 for the location, a tenfold increase. The rental continued to soar unabated: Rs.45,000 by 1985, Rs.60,000 by 1988 and Rs.70,000 in 1991. A lighted structure in downtown Bombay can command up to Rs.12 lakh a year. Advertisers who can afford this must need be crore-plus operators on the national scene. And these phenomena are few and far between.

The big bucks that this business seems to attract have drawn in many real estate speculators — aggravating the lack of professionalism besetting this trade. There are few scientific audience studies on the basis of which rentals can be justified. There is no strong representative association that can represent this occupation, regulate its conduct and plot its orderly growth.

There is also a marked absence of field monitoring. An advertiser who hires a network of hoardings cannot immediately know if a storm has knocked over a structure, or if it has been defaced by political posters or if the quality of the painting does justice to the original artwork.

The problem of on-site paint-brushing poses yet another migraine. Hoarding artists who have to clamber up scaffoldings and paint on a tin surface tend to distort the picture. That is why outdoor ads are seen to comprise only typography and product pictures. This is not wholly satisfactory. Hindustan Lever got round the problem by printing multi-sheet posters which, when pasted on the hoarding, combine to create a photographic rendition. They were able to achieve this by standardising the size and shape of the hoardings they utilise. Not everybody can afford this.

As hoarding prices escalate, advertisers have taken to employing them for local promotions rather than national campaigns. They are also employed only for short-term events. The annual contract is becoming a thing of the past. Unless outdoor contractors combine to introduce professional standards, hoardings will continue to be subjected to the law of the concrete jungle.

The author is chairman, daCunha Associates Pvt. Ltd

GODFREY PHILLIPS

Light up a Jaisalmer

Jaisalmer, nestling in the sand dunes of the Thar desert, was once immortalised by Satyajit Ray in his masterpiece *Sonar Kella*. And now comes K.K. Modi's newest cigarette, Jaisalmer. For inhospitable Jaisalmer, located in the western corner of Rajasthan, it could mean the unique status of having a cigarette named after it, thus joining the likes of Kent, Berkeley and Marlboro — well-known brands abroad and all named after places. The idea is, undoubtedly, to keep the cash registers ringing at Godfrey Phillips, Modi's company. This sort of branding is the first such attempt in India.

The foreign exchange crisis has spurred the government, in the last few years, to exhort big business houses to step up exports. His efforts to grow into the largest cigarette maker in the country could not push Godfrey Phillips past the number one — ITC Limited. These two factors led Modi to decide on cigarette exports. He soon realised that exports would only be possible if a truly Indian cigarette were created; a cigarette which could be sold as a novelty from India in international markets, especially in the fast-growing South-east Asian market.

"It was not an easy job," says Modi. "We had to create a brand name that meant everything about it was Indian. So we decided to take the name of a place and weave a story around it." Thus was born the concept of Jaisalmer cigarettes.

What's in a name?

Says R.A. Poddar, chief executive, Godfrey Phillips: "The name chosen was such that it could be romanticised." Agra was found to be too commonplace. Bikaner was not found exciting enough. "Jaisalmer," says Poddar, "is very inaccesible. Yet it is a place with a history of 900 years, a history of adventure, valour and bravery. We thought that a story could be built around it and sold as a dream."

Two historians were then called in to detail the history of the medieval kingdom and transfer this knowledge to a team creating the product. This team included personnel from Philip Morris, Godfrey Phillips' foreign collaborator, technical personnel from Godfrey Phillips and two specialists from advertisement agency Rediffusion. Team members, especially Philip Morris representatives, were encouraged to travel around India, and especially Jaisalmer, to feel the pulse of the country. Impressions could be incorporated in the packaging and advertisements for the new brand of cigarettes.

Last month and Rs.1.5 crore later, K.K. Modi felt confident enough for a soft launch in Delhi. Will he succeed? Modi says it will be three months before the results of the launch are known. However, he asserts that initial responses have been good, even better than those for Rothmans, launched by the company two years ago. But the result could well be due to new product novelty. A random survey in the capital revealed that many liked the taste of Jaisalmer. However, smokers felt that at Rs.22 for a pack of 20s, it was a trifle too costly. Rothmans sells at Rs.20 for a similar pack. But for a consumer who can afford to pay a rupee for a smoke, another 20 paise would hardly make a hole in his pocket. There is, however, some apprehension amongst smokers that the quality may not be maintained. "It is usual to find the quality very good at the time of the launch, but it deteriorates later," they said.



It would be a long haul for Jaisalmer to capture a part of the domestic market for premium cigarettes. And establishing itself in the international market will be an entirely different proposition

Even if the cigarette does well in Delhi, it would be a long haul from there for Jaisalmer in its effort to capture a part of the domestic market for premium cigarettes — an estimated 60 to 70 million sticks per month. And establishing itself in the international market will be an entirely different proposition. For now, even Godfrey Phillips' sources are unwilling to hazard an international launch date. The national launch has not been scheduled either. And obviously, Modi and his team are unwilling to venture any guesses about turnover.

Competitors do not seem unduly perturbed. Says an official of a rival company: "It is not simple to create an Indian brand name. The not too successful India Kings is a good example. What is the charm about Jaisalmer? And what is the dream and story that is being sold? Jaisalmer is in the middle of a desert and the only image projected by its name is one of hardship."

Time alone will tell whether Jaisalmer will bring back to life the valour of the Rajputs or just remain buried in the sands of time. ■

KINGSHUK NAG

Harmonising vendor relations

It is always relatively easy to control quality within one's own organisation, for obvious reasons. But manufacturing has become very complex, and most large manufacturers have to depend on vendors to provide raw materials or components. If satisfying the customer is the ultimate goal, then vendor development becomes critical. This is because quality is that standard of excellence which is mutually acceptable to the purchaser and the supplier. Hitherto, a buyer's relationship with vendors was mostly adversarial and at best contractual. What is required today is teamwork based on mutual confidence and joint planning.

The Japanese have developed an excellent and innovative approach for dealing with vendors, which is in contrast to the traditional western approach. Vendor surveys as conducted in the West have not proved to be useful in predicting the future quality performance of vendors. The western emphasis has been on organisation and documentation, whereas the Japanese approach has been on the capability of the process, the adequacy of process controls and training plus qualifications of the work force. The Japanese, in certain cases where technology upgradation is inevitable, have even arranged for finance from financial institutions for the vendors.

Areas of concentration

As a consequence, the western approach has tended to concentrate on conformance to procedural specifications rather than on product fitness for use. The emphasis is on the vendor's general plan of approach, not on specific products or processes.

The Japanese team approach dovetails the vendors' processes into those of the buyers. There is joint planning, assessment of quality standards, training of staff, to the extent that the vendor becomes a *de facto* partner in the business. The supplier helps to develop the product in tandem with the designer, offering his expertise and knowledge to solve the most difficult of problems. This helps him to become aware of the controls that will be necessary both within his own process and during assembly of the product. A situation develops where both the purchaser and the supplier are helping each other towards the supply of a product that will meet performance requirements.

If we acknowledge that the quality of products can be better controlled at the point of manufacture, it is essential that the purchasing staff grade and assess all their potential suppliers on a continuous basis. And then, whenever possible, measure their performance in compliance with the requirements of specifications and evaluate their quality control procedures.

Other countries like South Korea have adopted the Japanese approach very successfully. Modi Rubber, a leading tyre company, went through a detailed vendor survey by the South Koreans. The message that Modi Rubber got was that the Koreans were looking for something more than organisation and documentation. They were looking for process capability and the extent of training of the work force, among other things.

Take the case of Otis Elevators (India), which exports elevators to countries like Thailand, Sri Lanka and the Philippines among others. To become a world-class exporter, the company made a serious effort through eight senior executives drawn from various Otis companies internationally. After a thorough analysis they came up with 200 recommendations which had to be implemented by Otis India if they were to become a world-class vendor/exporter. The comparison was made with other companies within the Otis group using similar technologies.

A fine skill

An Indian company that has successfully developed vendor upgradation into a fine art is Maruti Udyog Ltd (MUL). MUL is associated with over 400 vendors who supply a variety of components. Of course, the fact that Maruti had to indigenise under its phased manufacturing programme, must have been the motivating factor. Their internal rating system keeps track of vendor performance with respect to the quality, quantity and delivery schedules. This has enabled them to classify the vendors into different categories ranging from good to poor.

A review of the various categories of vendors indicated tooling quality, proper raw material supply, process control, quality management system and a total productive management system as the focal areas that needed attention. However, in carrying out the specific upgradation exercises, it was found that a case-by-case approach was practical as each vendor had problems that required specific solutions based on the capability of the manufacturing processes.

The problems ranged from inadequate training of personnel and poor technology, to lack of process capability. MUL has gone to the extent of requesting financial institutions to come forward with innovative schemes to help vendors upgrade themselves.

From a supplier's viewpoint, an 'A' category customer receives the vital attention of the upper management. Therefore, a small but thoroughly vetted list of approved suppliers is of greater importance to a purchaser than a much longer list of unknown suppliers. The latter can only hike the cost of inspection. This very important function is usually performed by the purchase manager, who has to constantly identify cheaper and alternative sources of new items. To establish confidence in the supplier, it would sometimes be necessary to work in conjunction with the quality assurance people.

However, this joint planning is not oblivious of the economics of the supplier. And the product supplied is, more often than not, cheaper than what could be purchased from another vendor. This is because the gains from higher quality are usually shared between buyer and vendor. Also, it is entirely feasible for the vendor to be an adversary on prices and a member of the team on quality.

The initial investment incurred by the buyer is usually recovered very soon through higher quality and lower costs. Clearly, the benefits accruing from vendor development are so great that manufacturers can only ignore this issue at their peril.



■ SURESH LULLA

The author is managing director of Qimpro Consultants, the Indian affiliate of the Juran Institute, US, specialising in managing for quality

ERAS

A losing proposition

When the rupee dwindled significantly during the past month, corporations which had borrowed in foreign currencies were naturally perturbed. If the trend continued — and given the country's precarious foreign exchange reserves position it was quite likely — it would mean higher repayment liabilities for them. But how much higher would be known only when the instalments actually fell due, and that added to their worry.

Some borrowers though were wiser. The exchange rate fluctuations did not bother them as much. Their repayment liabilities were more or less determined at the time they took the foreign currency loan from term-lending institutions. The Exchange Risk Administration Scheme (ERAS) protects them from exchange risk exposure.

ERAS was first introduced in 1989 for borrowers who faced the risk arising from volatility in exchange rates. The scheme was introduced as an experiment for two years only, ending in March 1991. This year in mid-April the government agreed to renew the scheme operated by the financial institutions for another three years, albeit at a higher interest band. Additionally, a few more lenders, such as the state financial bodies, were included in the scheme. Does it mean that the experiment has succeeded?

No exchange risk

Perhaps. Under ERAS, borrowers are charged a composite interest rate which includes interest on the loan and a premium to cover the exchange risk. The rate is expressed in terms of a range. It was 15 to 18 per cent when ERAS was introduced but is 20-23 per cent now. Says a source in a financial institution, "We were forced to increase the rate to cover the increasing exchange risk on account of the sliding rupee." Yet, many a borrower prefers to pay almost twice the interest rate charged on term loans under ERAS. (Without ERAS, they would have paid 6 to 8 per cent interest for the foreign currency borrowed.) The total disbursements under ERAS since 1989 are Rs.750 crore. The advantage of ERAS is that the borrower's rupee liabilities are defined when he borrows. In other words, he has to repay at the exchange rate prevailing at the time of disbursement, and thus has to face virtually no exchange risk.

Companies manage their exchange risk in several ways. Besides borrowing in various currencies as against only one, companies take a forward cover through their banks. The forward cover operates like an insurance and the borrowers pay a premium to banks for covering their exposure to exchange risk. The six-month cover is rolled over several times until the loan matures. Smart borrowers watch the premium rates constantly and have the option to renew the cover at a time when the rate is most favourable for them.

Some finance managers like those in public sector undertakings prefer to leave the exposure uncovered and face it when it comes to repayment. Some even wait till the last six months before the repayment falls due to take a cover. "The idea," says Anand Rathi, senior president, Indian Rayon and Industries Limited, "is to take advantage of a possible favourable exchange rate."

The advantage is that the borrower... has to repay at the exchange rate prevailing at the time of disbursement

But all this is really leaving too much to chance. The premium rates keep fluctuating depending on the money markets. According to a company finance manager, "Premium rates at present work out to about 13 to 14 per cent but given the fast depreciating rupee, they may well be 30 per cent in the near future." In which case, he points out, ERAS even at 23 per cent is much cheaper.

Rathi though does not agree. He is confident of managing the exchange risk at a 20 per cent rate on his own by using the various options. "Why should I then buy ERAS at 23 per cent?" he asks.

Yet there is uncertainty. Says J.S. Bakshi, president (commercial), Reliance Petrochemicals Ltd, "Since under ERAS, our liability is determined at the beginning of the loan tenure, we can plan our finances well." Foreign currency loans are generally taken for capital investments and have long tenures of three to eight years, with repayments falling due twice a year. Repayment liabilities fixed at the beginning of the loan tenure will naturally benefit borrowers.

Another advantage of ERAS is its fiscal efficiency. The entire interest amount — which is higher than the interest charged on normal term loans as it includes interest on the loan and the exchange risk premium — is tax deductible. The differential arising out of the exchange rate difference can also be charged to the profit and loss account.

However, not all get the benefit of ERAS. ERAS does not cover more than Rs.20 crore per project, for instance. Export-oriented units (EOUs) too are not allowed the facility of ERAS. Explains an FI source, "As EOUs have foreign exchange receivables, they have a built-in hedging mechanism against exchange loss." But he agrees that this may not neutralise the losses every time. ERAS also does not cover loans given by institutions other than IDBI, ICICI and IFCI. The shipping industry, which is prone to high foreign exchange losses, thus does not get the ERAS benefit. There is a small mercy though. Small and medium sector units will now benefit from ERAS as the renewed scheme includes loans granted by IDBI to state industrial development corporations and state industrial investment corporations.

Minimising losses

But is it cost-effective for the financial institutions? Says an FI source, "We operate ERAS with the object of minimising exchange losses." A committee, consisting of an official each from IDBI, ICICI and IFCI as also RBI and the government of India, monitors the interest rate vis-a-vis the exchange rate movement. Moreover, the spread under ERAS — the difference between interest paid (6-8 per cent) and interest earned (23 per cent) — is kept in reserve as a fund which is deployed as rupee resources to earn the normal 15 per cent. According to the FI source, this fund will help FIs to reduce the exchange risk. "And even if after all this, there is an exchange loss, the government will finance the deficit," he adds.

Owing to the rapid slide in the rupee over the last two years, there was a small deficit at the end of December 1990. And finance managers agree that in the present circumstances ERAS cannot be anything but a losing proposition. Despite this, the government has agreed to extend ERAS for another three years, hoping for the best. ■

ALPANA KILLAWALA

CREDIT CARD TIE-UPS

Towards one India Card?

In the beginning, there was Centralcard. And then the others followed. Today, nearly all the nationalised banks — and a few of the private and co-operative ones too — have credit cards. While some issue their own, others ride piggyback on the existing ones. United Bank of India and Vysya Bank issue Centralcards, while Bank of Maharashtra (BoM) has just begun issuing Bank of India's (BoI) Indiacard. The Reserve Bank of India (RBI) guidelines, however, allow no more independent cards, so every new player will have to tie up with Central Bank of India (CBI), Andhra Bank, BoI, Bank of Baroda (BoB), Vijaya Bank or Canara Bank. The only exceptions are the foreign banks, of which Citibank and ANZ Grindlays are already in the fray.

Is India, then, headed towards a commonality of credit card operations with one universal card being issued by all the banks and honoured by all their member establishments (MEs)? Probably, says Vimla Dalal, chief manager of the ATM and Indiacard department at BoI, who wants to make Indiacard a generic name. Tie-ups between individual banks, she explains, are beneficial to both, enabling them to increase their business and improve service to their own customers.



This is why BoI has entered into arrangements with BoM and Oriental Bank of Commerce for the issue of Indiacards by these banks to their own customers. BoI thus gets its affiliate banks to expand its customer and ME base and earns a commission of about 2 per cent on servicing their cardholders, while the affiliates earn about 1.5 per cent of card spendings and save on setting up a separate infrastructure. The card embossing machine itself costs a small fortune, as does the day-to-day operation of the international on-line link-up with Mastercard in the US.

BoM chairman T.K.K. Bhagavat points out that credit cards are "an important area of service for our customers", as they are the money of the future. "We decided to go in for it as soon as possible because it is an area of growth," he says.

Adds D. Viswanathan, deputy general manager, systems and procedures, at CBI: "Even the other major issuers get the advantage of the ME network built up by the forerunners. CBI alone has 8,000 MEs, while BoI has only 500; but thanks to Mastercard, both have access to a 16,000-strong ME base." One pointer to the coming commonality, he indicates, is the fact that issuing the weekly "hot list" bulletin of lost and stolen Mastercards has been taken over by CBI.

Not only does one bank tie up with another, but banks also sometimes tie up with their MEs. For instance, BoI and CBI have tied up with the Taj and Leela groups of hotels, respectively, to offer cards to the customers of these hotels.

While Viswanathan admits that his bank lost out to BoI in the race for the Taj business, Dalal is quick to point out that CBI's partner Leela has only two hotels against 27 in the Taj chain, and a target of only 1,000 cardholders against the Taj's 15,000. She also stresses the fact that her bank won the business in the face of competition from foreign banks, including Citibank NA, which now runs Diners Club. Both CBI and BoI are talking to other hotel groups for more such tie-ups, but are cagey of divulging names. The benefits are apparent — the banks can increase their credit card business and cover assured high-income customers, while the hotels are saved the hassle of keeping track of their own credit clients.

Dalal also claims that the Indiacard arrangements with affiliates (other banks) as well as affinity partners (favoured MEs like hotels) are different from — and superior to — those of the other major banks. "Canara Bank's is only a franchise operation," she says dismissively. "On the other hand, our affiliates have a complete identity of their own." The Indiacard, she points out, remains the property of the issuing bank, and is announced as such — for example, the BoM card will be inscribed 'Bank of Maharashtra's Indiacard'. Vysya Bank's card gives prominence to the 'Centralcard' logo, then Vysya's own name, thus underscoring the latter's affiliate status.

But Canara Bank too hopes to make its



Cancard a generic product nationally, according to C.G. Adwalpalker, its general manager in charge of the computer and consumer services wing which also looks after the credit card. Cancard is now a Visa international member, it is also looking at Mastercard, and "has an open mind" on affiliate tie-ups, while negotiations are on with a star hotel for an affinity partnership, he says.

K. Ratnakar Hegde, divisional manager in charge of Vijaya Bank's card operations, says his bank is also looking at some 5-star hotels as potential affinity partners, as well as at other banks as possible affiliate issuers.

Moral control

And Diners, claim its Indian competitors, is on the downslide despite having been taken over by Citibank. As Dalal points out, the Taj card is much better value for money, offering similar benefits — like wide acceptability, airline bookings and prestige — at a fraction of the cost. And despite the glamour of being associated with a foreign bank, people have actually stopped renewing Diners memberships, she claims. CBI's Viswanathan points out that RBI's fixation of minimum discount rates of 3 to 5 per cent, to be charged by card issuing banks from MEs means that the foreign banks can no longer undercut their Indian competitors. However, RBI has only a moral control, not a statutory one.

So, with Citibank, ANZ Grindlays and other foreign banks facing such a disadvantage, the way is clear for the Indian banks' credit operations to grow. And thanks to RBI's restriction on them too, the day of an Indian all-India card does not seem too far away.

■ SEKHAR SESHAN with DEVAPRASAD PUROKAYASTHA in Bangalore and ROOP KARNANI in Pune

OIL & NATURAL GAS COMMISSION

The price of excess

Usually a stickler for meeting targets, the Oil & Natural Gas Commission (ONGC) last month fell short of production plans for 1990-91 by a good 4.098 million tonnes (mt) of crude — its first blemish after two and a half decades of successful exploring. It had promised 33 mt in its memorandum of understanding with the government in March 1990 but finally delivered only 30.35 mt. Worse, it has dropped its target for 1991-92 further by 20 per cent (7.042 mt) to 27.1 mt (original target 34.142 mt).

The consequence of a shortfall in domestic production will, undoubtedly, be severe. It will mean importing an additional 7.042 mt of crude to compensate, which will add Rs.6,000 crore in foreign exchange to the oil import bill (for 1990-91 the bill came to Rs.10,000 crore for 21.1 mt of imported crude). An additional cost of this magnitude, when the reserves position is already so poor, may not be too welcome. In fact, the government, has declined to accept next year's target given out by ONGC; the target now awaits whatever decision is taken on it by the cabinet committee on political affairs of the new government to be formed in June.

The decline in production has resulted primarily from damage to the oil wells in Bombay High due to over-production. ONGC chairman, S.L. Khosla says it is imperative to cut production now to restore the health of the damaged wells. "The choice is between incurring costs to save reserves now or to postpone repair work and lose a good 13.2 mt of crude permanently." ONGC's deadline to the government to decide on the project is 1 July 1991, after which the reserves will be irretrievably lost.

Unhealthy practices

"But, even if ONGC launches repair operations now there is every likelihood of losing 75 per cent of the western offshore reserves," says a geologist attached to a foreign oil company. The opinion in oil circles that ONGC, under S.P. Wahi, placed an unhealthy emphasis on meeting targets which resulted in the commission ignoring accepted reservoir management practices.

Not everyone at ONGC, however, agrees entirely with the reasons Khosla ascribes for the shortfall. "Bombay High may have contributed," says one observer, "but nowhere near the quantum that Khosla attributes to it." Decline in production is more because of flagging employee morale, say others. It seems the transition from Wahi — ONGC's chairman for eight years — to Khosla in July last was not too smooth.

Some sources insist that Khosla's management style has not been well accepted in the company. In oil exploration there are considerable chances of predictions going awry and some risk of not meeting targets. Consequently, company sources say, to insure against future action drillers are deliberately quoting lower targets. Industry observers claim that setting up systems to monitor drilling is legitimate, but Khosla is attempting to undo whatever Wahi did. "And that is undesirable, because Wahi undoubtedly was a great motivator." ONGC never witnessed a strike during Wahi's chairmanship. Says Khosla, "My brief from the ministry of petroleum is to set up systems in the commission, and, on occasion, that may involve being rude."

Whatever the real reasons, the foremost concern both at ONGC and the ministry now is to restore the damage from over producing. The Bombay High review committee, chaired by A.S. Dasgupta — which investigated the production at wells in the western offshore (L III) wells where production continued even after they displayed high gas oil ratios — submitted its report last November to the ministry.

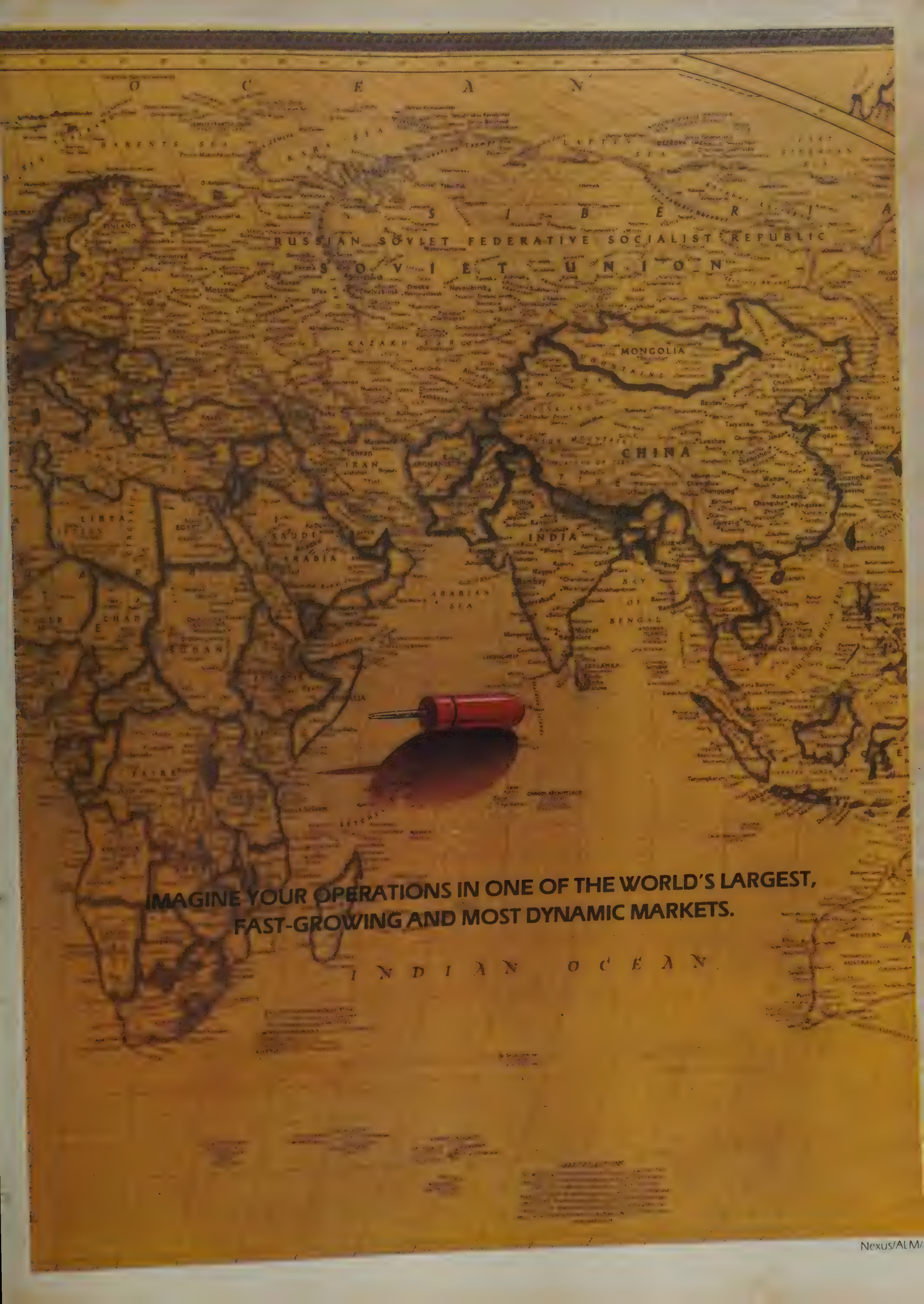
The report states that overproduction from the L III wells resulted in a reduction in reservoir pressure. The inadequacy of the compensating water injection facilities, and the work over the operations, caused a depressurising of reservoirs (reservoir voidage imbalance) that finally resulted in reduced withdrawals from the offshore facilities. The Dasgupta report is not alone in passing such a judgement. There have been two others, — one from the World Bank and another from CFP of France, both of which placed the permanent loss of recoverable crude at a much higher 150 mt.



Khosla: management style under question

Conservation board

Consequently, the committee has recommended that the "functioning of overseeing drilling and exploration be taken away from ONGC and vested in an autonomous conservation board." In all probability, that responsibility will be vested in the department of petroleum, which is an unpleasant development for ONGC — another intrusion by the ministry into the commission's functioning. Nevertheless, as a prelude to divesting responsibilities, Khosla is devising several systems for overseeing drilling at ONGC that will 'instil some transparency into ONGC's functioning.'


OCEAN
BARENTS SEA
KARA SEA
LAPTEV SEA
SIBERIA
RUSSIAN SOVIET FEDERATIVE SOCIALIST REPUBLIC
SOVIET UNION
Moscow
KAZAKH S.S.R.
MONGOLIA
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CHAD
SUDAN
ZAIRE
IMAGINE YOUR OPERATIONS IN ONE OF THE WORLD'S LARGEST,
FAST-GROWING AND MOST DYNAMIC MARKETS.
INDIAN OCEAN

Nexus/ALM

ONGC now has designed seven alternative ways to rehabilitate the ageing wells in the Bombay offshore. The most attractive option that it has recommended to the ministry requires the shutting down of the damaged wells in three stages that will help recover the 13.2 mt of crude that is expected to have been lost. The Dasgupta Committee's recommendations are to shut down all wells with an oil gas ratio of more than 700 volume/volume. The ONGC had been using a ratio of 1,000 volume/volume before it shut down production.

But it isn't as if the ONGC completely ignored the symptoms of the high gas oil ratios. These were first witnessed way back in 1984 and ONGC did put together a project plan for water reinjection, in two phases, in the reservoirs. High gas oil ratios had occurred at several wells elsewhere and ONGC had successfully managed these.

But for several reasons that project was delayed by two and a half years. Besides, the quantum of water to be injected was also inadequate. ONGC, however, instead of holding back production, continued to produce. Even while saying this at several places, the Dasgupta Committee is ambiguous. For instance, it says, "Production from a well is linked to the facilities planned to be created and it is expected that where there are slippages in the erection of structures or where the structures are inadequate there ought to be cut-back in production." But then it adds, "In hindsight, it does appear that owing to the complex geological structures of Bombay High, ONGC's scientists miscalculated."

Self-contradictory observations

The report goes on: "Deviations in levels of production were justified according to accepted industry practices to meet commitments but with respect to reservoir health these deviations were not justified." The report does not explain anywhere how production can simultaneously damage reservoir health, if it is an "accepted industry practice".

Elsewhere, in another severe indictment of the policies followed at the commission, the report says, "Preferences, inconveniences and concerns of individual work centres have to be pushed to the background." As a member of an advisory committee to the chairman remarked, "Whenever I asked for information from the commission I would draw a blank. The atmosphere at the commission was a little suspicious."

There have been allegations about the irregular purchase procedures followed by ONGC; these have also drawn adverse remarks from the Comptroller & Auditor General and several from the Committee on Public Undertakings (COPU). "There have been three such COPU reports in the short period of seven months. The chairman of ONGC cannot spend all his time facing inquiries," says Khosla.

As of now, Khosla has given out four reasons to the ministry for last year's shortfall. As much as 2.838 mt of the 3.9 mt decline is stated to have resulted from damage caused to the Bombay High wells as a result of overproduction. The other contributors have been strikes in the Bombay High region that cost ONGC another 0.3 mt, disruptions in Assam caused by the ULFA agitation took away 0.6 mt and another 0.66 mt shortfall owing to delays in the supply of rigs by Hindustan Shipyard, and Siepen of Italy.

Claim contested

Not everybody in ONGC, however, subscribes to the reasons for the shortfall given out by Khosla. "Bombay High is not the primary contributor to the shortfall as the chairman claims," says an ONGC official. "Rather, Assam has been most worrying." The shortfall has been 1.2 mt instead of the 0.6 which the chairman himself admitted to. Oil India, the other exploring company that operates in Assam admitted that ONGC was badly hit this year. The areas in which ONGC drills are particularly susceptible to disruptions.

Assam has always been a problem, with the local population making increased demands for jobs in the drilling companies in return for all the oil that the area produces. All these years the ONGC has been getting away by subscribing to several development plans in the region. This year, the demands were rather steep (Rs.5 crore), which the ministry of petroleum did not accept. Consequently, the disruptions were more acute this year with production being frozen for a period of four months. "And to shut down production from a flowing well considerably affects future pumping from it," says Khosla.



Offshore oil platform, Bombay High: a victim of over-production

A pointer to this particular adverse effect is the sudden jump in the proportion of sick wells at ONGC. It was 35 per cent in 1980, dropped to 8 per cent in 1988-89 and now stands at 38 per cent. Another problem, at Gujarat, has resulted from the high sulphur content in the crude which the Koyali Refinery of Indian Oil has been unable to accept.

Several of the reasons that contributed to last year's shortfall will continue to hamper production at the ONGC over the Eighth Plan. In all likelihood, India's self-sufficiency will slip below the 60 per cent that we managed to achieve in the eighties — another unhappy addition to India's list of economic problems. ■

ARIF SHARIF

The Union of Soviet Socialist Republics (USSR), or Soviet Union, is one of the world's largest markets, with an area of 22.4 million sq km and over 250 million people. It stretches across two continents and offers an unrivalled consumer market potential, especially given product availability in the past and the policy of open-ness to the rest of the world. In fact, today, the USSR is one of the world's largest importers of cosmetics and cassettes, footwear and fashionwear, luggage and leather goods, toiletries and toasters, and much, much more. And traditionally, the USSR has been a major trading partner with India, with Soviet imports touching an all time high of Rs 5,000 crores in 1990.

Of late, however, it has become a complex market with decentralisation and autonomy for the Soviet Republics – hence, instead of a handful of key persons, there are now over 20,000 buyers. Hence success, for an Indian company, is all the more difficult. Which is where The India Trade Centre, Moscow, comes in.

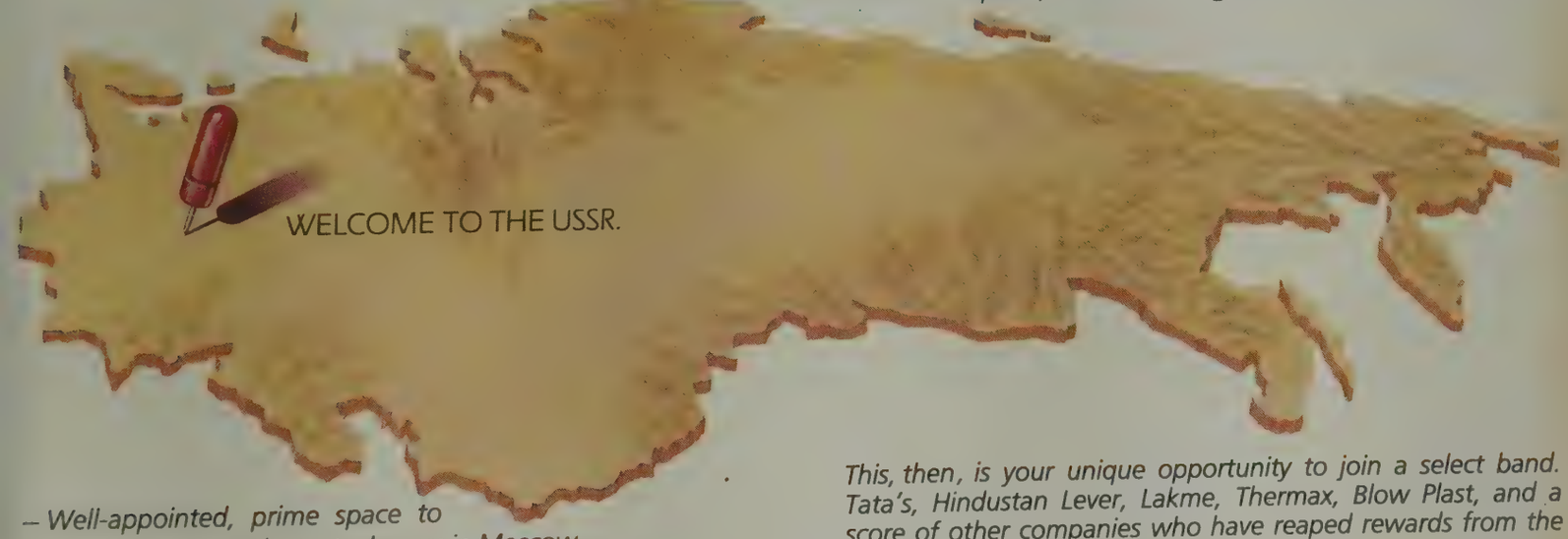
The India Trade Centre, Moscow

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MUMBAI GRAHAK PANCHAYAT

A force to reckon with

Like many other Bombay housewives, Malati Patankar is bothered about continually rising prices. But unlike many of her neighbours, she has a soft cushion to fall back on: her association with a consumer organisation. This enables her to buy household items at prices 15 per cent cheaper than existing marketing rates. What's more, the goods are delivered at her doorstep — free of cost!

Patankar, along with 11,500 other housewives in Bombay and the neighbouring townships of Thane and Raigad — and their families — are beneficiaries of an unique scheme operated by Janata Madhyavarti Grahak Co-operative Society (JMGCS). An offshoot of the consumer organisation Mumbai Grahak Panchayat (MGP), JMGCS procured for and distributed to its members Rs. 7 crore worth of 67 different kinds of groceries, textile items and household plastic goods last year (the figure is expected to cross the Rs.10-crore mark this year).

"Ours is a self-funding organisation," says Ashok Rawat, who is closely involved in MGP's activities. "We do not depend on any government grants for our activities." He then outlines the reasons for MGP's financial independence: "Low overheads, because no inventory is involved. Also no investment risks, because the members themselves put in the money."

The purchase committee of the JMGCS sends monthly lists to members, checking out their requirements. Volunteers then buy in bulk from wholesale markets around the country — chilli from Guntoor in Andhra Pradesh, wheat from Haryana, turmeric from Sangli in Maharashtra, etc. The savings accrued in buying at wholesale rates are passed on to the consumer. All that the JMGCS keeps for itself is charges incurred on overheads like salaries for the packing staff. Otherwise, the JMGCS funds its operations through membership fees — Rs.60 per annum per family.

A movement is born

This activity is now in its sixteenth year. In 1975, inspired by consumer activist B. Joshi who had started a similar movement in Pune, journalist B.V. Ghatge, singer Sudhir Phadke, Rawat and a few others had started distributing seven household items every month in Bombay. Thus was MGP born. In the very first year, there were 800 members.

While this economical procurement and distribution of household necessities may be its most visible activity, MGP is much more. Low-profile and manned by dedicated, publicity-shy activists, it ranks high among the most respected consumer organisations. As its name suggests, its activities are concentrated in and around Bombay city but MGP has also taken up cudgels on behalf of consumers in other states. It was MGP which recently helped hundreds of people who had booked the Vespa XE scooter manufactured by LML Ltd in getting back their refunds from the Kanpur-based company (see *Business India*, 26 November 1990).

Simultaneously, MGP has been actively campaigning to educate consumers about their rights and responsibilities. It has distributed pamphlets and published booklets to warn consumers about the aggressive marketing techniques adopted by some pharmaceutical companies in pushing their products. It had also launched a campaign highlighting the importance of breast milk and had roped in women's groups, maternity homes and medical practitioners for the purpose.

All these activities were co-ordinated by the consumer education wing of MGP. "This section of our organisation is primarily concerned with creating awareness among consumers so that each person can be transformed into a soldier who can fight his own battle," says MGP activist Shirish Deshpande. Besides printing pamphlets and booklets, this wing produces a monthly TV programme on consumerism. It also runs weekly columns in prominent Marathi papers, highlighting important consumer cases. Other



Famous battles

In the 16 years that it has been around, the Mumbai Grahak Panchayat (MGP) has often been in the forefront of many landmark consumer battles. Among them:

- In 1981, MGP filed a writ petition against the Maharashtra State Road Transport Corporation (MSRTC, commonly known as ST) against a double hike in the prices of ST tickets. The matter is now pending before the Supreme Court.
- MGP made an issue of the Maharashtra government's decision to levy an entertainment tax on the sale of television sets. Worried about bad publicity, the state government backtracked just before the 1985 elections.
- After the oil companies introduced the "cash and carry" scheme in 1986, making it mandatory for LPG cylinder owners to make their own arrangements for carrying the cylinders from the dealers, MGP took up the matter with the food & civil supplies department of the Maharashtra government. It pointed out that the Indian Explosives Act prohibits non-authorised persons from carrying the cylinders. The oil companies had to scrap their scheme.
- The Bombay suburban railway authorities had been continually hiking up ticket rates on the grounds that their division was making losses. MGP succeeded in proving that the Bombay section was making profits and subsidising the loss-making centres of Delhi, Calcutta and Madras. In 1986, the then railway minister Madhavrao Scindia admitted in the railway budget that Bombay suburban railways had made a profit of Rs.50 crore.
- The same year, after Irish butter affected with contamination from the Chernobyl nuclear disaster found its way into Maharashtra dairies, MGP put up posters near milk booths warning consumers about the danger. Simultaneously, families of its members wrote letters of protest to the then prime minister Rajiv Gandhi. The state government then stopped using the butter at its dairies.

important activities: distribution of *Grahak*, an eight-page publication in Marathi and English, organising radio talks and publishing consumerism-related articles in Hindi newspapers.

MGP's consumer protection wing organises consumer counselling centres every Friday evening in certain Bombay suburbs. It also conducts training programmes to groom consumer activists. After their training, these volunteers then take up lecture assignments at colleges and trade union offices, and work with organisations like the Leslie Sawhney Training Programme.

Research wing

Another important MGP department is the study and research wing. This wing was started by Jayant Deo, an economist-engineer now settled in Pune.

According to Deo, MGP approached various people in the course of its activities and even developed good contacts in organisations like the railways and the Bombay Suburban Electricity Supply Ltd. "But we never took undue advantage of our contacts. That is the main reason why our organisation has been able to win respect," he adds. "There was a sincerity of purpose. I think that is why we have been able to make such a dent."

Compared to other consumer organisations, MGP is able to make a bigger impact because it is very particular about the kind of people it has on its rolls. This is evident in the meticulousness that goes into the selection of JMGCS members. Not anybody can walk into the consumer organisation and, like Malati Patankar, avail of the benefits. Individual membership is not entertained. Instead, new members are recruited in groups of 11 each. Before each group is formally inducted, noted economist Gangadhar Gadgil, MGP's president, or some other senior MGP executive, screens the prospective members for their commitment towards the consumer cause. At least two members of each family are expected to volunteer for MGP's various consumer-related activities.

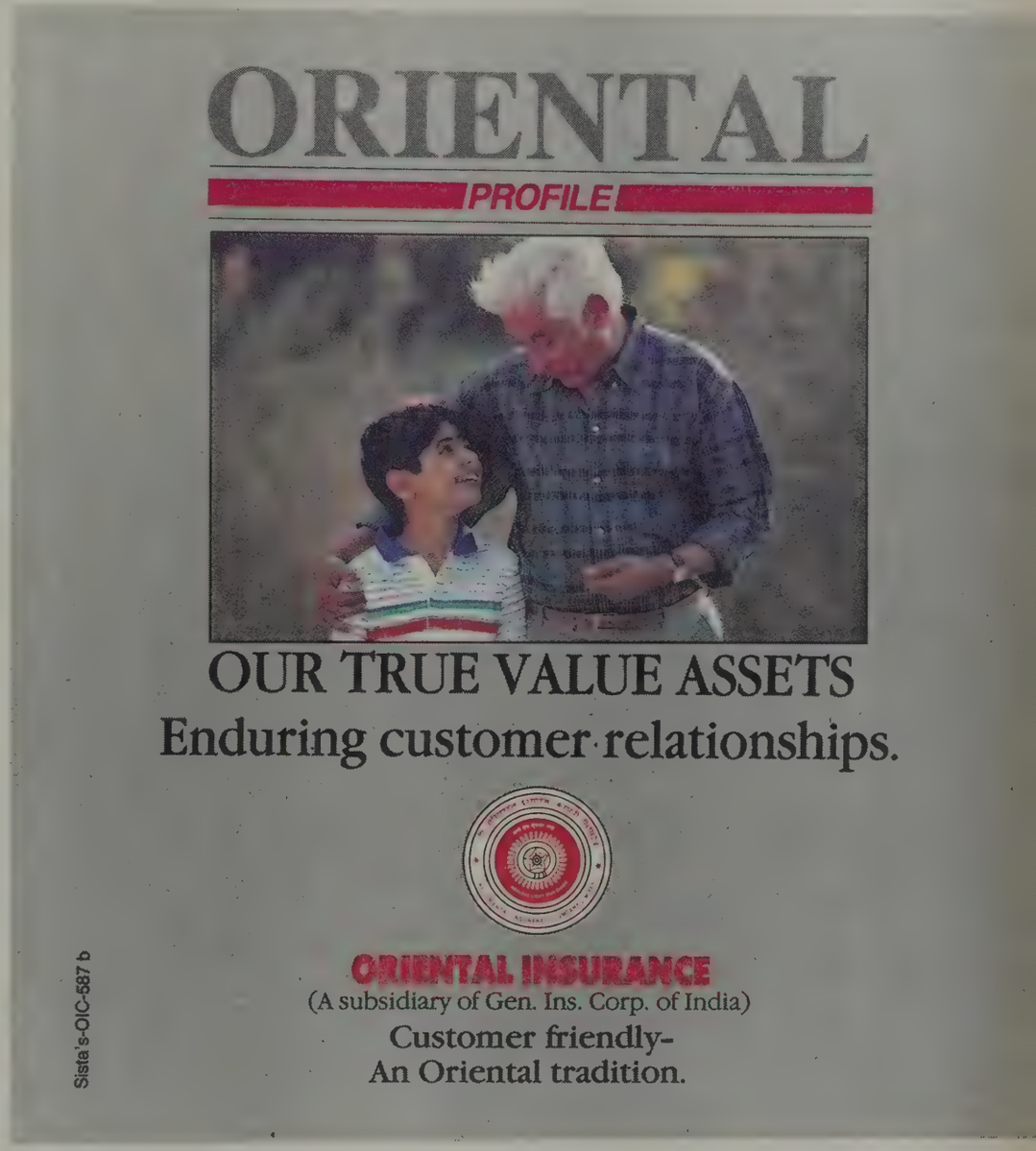
Another interesting activity organised by MGP is consumer plazas. Set up once a year for 10 days, they offer a wider choice to MGP members for buying their household requirements. At these sales, manufacturers sell their goods directly at ex-mill rates and retailers are not entertained. At the consumer plaza held at Dadar in October last year, goods worth Rs.25 lakh were sold. Similarly, in the north Bombay suburb of Borivli, MGP volunteers helped sell articles worth Rs.11 lakh. In a similar exercise held in June every year, MGP organises sales of school and monsoon requirements. The response to these sales has been good and MGP plans to increase the activity in the future.

Marching on

The coming years will also see an increase in the number of consumer counselling centres, more of which are planned in other Bombay suburbs. From June, MGP is also throwing open its doors for new members. In the meanwhile, its activists are busy with their latest consumer case which is related to safety. For the last six months, some of these activists have been sitting with oil companies and members of the Consumer Affair Council of Petroleum producers. MGP is asking the oil companies to table reports of all LPG-related accidents. "The oil companies are reluctant to part with the information but we are persisting with our demands. We have a right to know," says Deshpande.

MGP's activities, its victories and plans show that the consumer movement is alive and kicking in India. It may not have taken on the dimensions of a mass movement as has happened in parts of the West but the patient, dedicated efforts of the people behind organisations like MGP suggest that things are on the right track. It is a difficult, painful, back-breaking job to take on organisations which are insensitive and sometimes even hostile towards consumer rights. But as MGP has repeatedly proved, it is not impossible. ■

RAJU BIST



AUTO ANCILLARIES

Getting into high gear

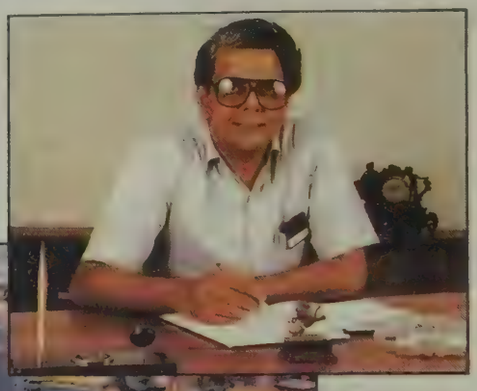
The Indian auto components industry did not seriously look at the export market till the mid-eighties. However, there has been a change in the industry's focus in the last few years. Most of the manufacturers are looking at exports more actively than ever before. Says T K Balaji, president, Automobile Component Manufacturers' Association (ACMA), "Export consciousness is definitely rising in the industry. Everybody is slowly beginning to realise that exports are no longer optional. New projects coming into the component field are directed at both domestic and export markets in an integrated manner which was absent earlier."

The results are obvious. The value of auto ancillary exports has risen from Rs.74 crore in 1986-87 to an estimated Rs.150 crore in 1990-91, a doubling in five years. There has also been a widening of the range of auto components which are exported. Enthused by this kind of performance, the government has set a target for auto ancillary exports of Rs. 937 crore for the year 2000. The projected market size of auto components worldwide by the year 2000 is $170.6 billion. India's target for that year represents a market share of 0.2 per cent in dollar terms as against 0.1 per cent which is the current figure. There is a general sense of optimism about attaining this target and even exceeding it. However, everyone clearly understands that it is not easy.

From its very beginning in the fifties, the auto component industry never thought in terms of exports. The orientation was towards import substitution. The industry sprang up to cater to the domestic market of Telco, Ashok Leyland, Premier, Ambassador and later to the growing tractor market. Production policies and capacities were not geared towards exports. Those who exported did so mostly to the rupee trade countries, Africa and, to a certain extent, the Middle East. It is only recently that the industry has started to try and sell to the US, Europe, and Japan.

The change in direction came with the entry of Maruti. The Maruti car was the first international model produced in India. So, the ancillary industry started developing components which could be exported. Recent government policies geared towards exports have also energised the industry.





Auto components and (inset) *Balaji: export consciousness rising*

Rocketing exports

A lot of manufacturers are now talking in terms of doubling and trebling their exports in the next five years. The Bangalore-based MICO, which manufactures spark plugs and fuel injection equipment in collaboration with Bosch of Germany, is the largest auto component exporter in the country. Its current level of exports is over Rs.30 crore and is about 10 per cent of its total turnover of Rs.315 crore. According to Mico sources, there are plans to substantially increase this percentage in the near future. Lucas TVS, the Madras-based auto electricals manufacturer, which exports to the value of Rs.3 crore out of its total turnover of Rs.140 crore, is planning to double its export performance in the next three to four years. The company, which is headed by Balaji, is implementing its fuel injection equipment project in which capacities are being built to export 50 per cent of the production in the next ten years.

The Pune-based Bharat Forge identified exports as one of the thrust areas for growth sometime in the early eighties. After making a successful entry into easier markets like the USSR and Poland, it made a conscious effort to enter the more competitive and fastidious markets of the US, Western Europe and Japan. According to Pradeep Nadkarni, vice-president international, Bharat Forge, the company has been able to break through to the original equipment manufacturers (OEM) market of these countries. The company is currently executing a very ambitious forge modernisation programme at a cost of Rs.100 crore. The export figure for the year 1990-91 for its own manufactured goods is Rs.15 crore. It expects to double its export performance in the current year 1991-92. Since 1986, Bharat Gears has been supplying transmission gears and crown and pinion sets to Dana Corporation of the USA. Of the company's total turnover of Rs.60 crore, about Rs.8.5 crore came through exports. The company is now aggressively seeking new markets in the US, Germany and Britain.

Sona Steering Systems Ltd of Delhi, a three-year-old company headed by Surinder Kapur, vice-president, ACMA, is planning to export 25 per cent of its total production in the next three to five years. The Madras-based Sundaram Fasteners has set itself the ambitious target of reaching Rs.100 crore in exports in the

next five years. It also has the distinction of being the first company in the country to get the international quality accreditation ISO 9000.

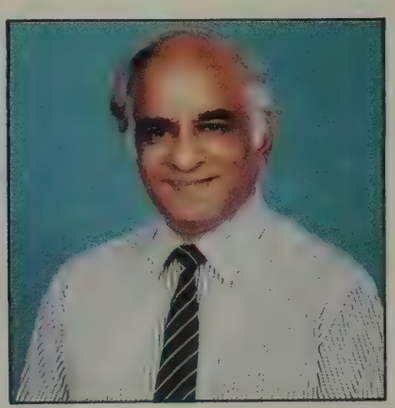
According to P. Srinivasan, secretary general of ACMA, the industry is now trying to get more mileage out of its collaborators. "By and large, the concept of collaboration has been to use collaboration only for technical knowhow. But now we will persuade our collaborators to buy sub-components from us," he says.

Collaborators' support

Indian manufacturers do not have their own distribution network, as a result they do not have a brand image. Here again the collaborators can help. A company which has successfully pursued this policy is the Madras-based India Pistons (of the Amalgamations group). "Four years ago we were exporting to the tune of Rs.80 lakh to Rs.1 crore and in 1989-90 our exports touched Rs.5 crore. One of the main factors that helped us achieve this is the support in marketing extended by our collaborators, the UK-based T & N," says N. Venkataramani, managing director, India Pistons. The support involved measures like supplies of dies and cases for models that are non-existent in India, marketing of India Pistons' products in the brand name of the collaborators, assistance in obtaining approvals from OEMs for their spares requirements, and offloading some of the low volume markets to the Indian company.

Obviously, companies like Mico have a distinct advantage in having a powerful collaborator like Bosch. In 1962 itself, Mico started exporting certain fuel injection parts to Bosch. Says a senior Mico executive, "Our export promotion drive has received a boost with the company becoming one of the select sources for the Bosch global supply of spark plugs. Mico will supply its bimetal super spark plugs. Most of them are meant for the highly competitive European market."

In spite of all these efforts, there are many in the industry who feel that the possibility of the Indian component industry making a dent in the sophisticated world markets is rather remote. Unless, of course, there is a complete change in the mind-sets of both government and industry. Says L. Lakshman, vice- chairman, Rane group, the Madras-based auto ancillary manufacturers, "I do not really see us becoming major players in this field. There are three options available to our component manufacturers: to export wherever Indian vehicles are marketed abroad, tie up with godfathers like GM or Ford, or sell in the bazaar which is the replacement market."



Venkataramani: good support

Lakshman has a point. All over the world, the component manufacturers who are successful exporters are those based in countries whose vehicle industries have a very strong international presence. According to automobile industry sources, as of now, Telco and Ashok Leyland have nothing much to offer to the European or American markets.

The Indian component industry has so far been more or less catering to the replacement market and has not made any spectacular breakthrough with OEMs. It is easier to supply to the replacement market because R&D requirements are limited, delivery schedules are not so stringent and the need for constant technology upgradation is less urgent.



India Pistons: exports receive a boost

A company like the Madras-based Wheels India of the TVS group (export turnover for 1990-91, Rs.10 crore) has been able to get the much coveted German TEU certificate. But it supplies wire wheels only to the BMW and Mercedes replacement market. The standards set by BMW are much higher than Germany's national standards. All Ford supliers are systematically rated on quality and under-performers are eliminated.

It is not as though vehicle manufacturers are not interested in coming to India to source their components. Says Srinivasan, "GM representatives are in the country and have given positive signals of buying from India. A team from DAF Trucks of Holland has shown interst. Daewood Motor Company of Korea is also considering the sourcing of components from India." While this sounds very promising, one should remember that at any given point in the last 10 years, one well-known vehicle manufacturer or the other has been conducting discussions with the industry. But no concrete proposal has emerged till now. Auto component industry sources point out that unless the government makes up its mind to announce a clear-cut policy encouraging foreign investment, India will not be able to gain ground in this field.

Efforts to achieve export targets have to come from both industry and government. India does not have much of an image in the international auto component sector. Today, vehicle manufacturers increasingly require suppliers to be zero-defect producers, whose products perform harmoniously with the other parts of the car. They also insist on just in time deliveries and cost effectiveness. The vehicle manufacturers are not confident that the Indian industry is capable of performing on these fronts. The component industry has to wake up to these realities.

On its part, the government has to relax FERA restrictions, implement with speed and efficiency the existing export incentives, and set about removing infrastructural bottlenecks. Unless these things are done, the Rs.1,000 crore target, despite all other efforts, will remain just a target.

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A special section
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Business India

The World Paper

THE WAVE OF PRIVATIZATION

Public headaches—private cures

By JOHN KENNETH GALBRAITH *in Cambridge, USA*

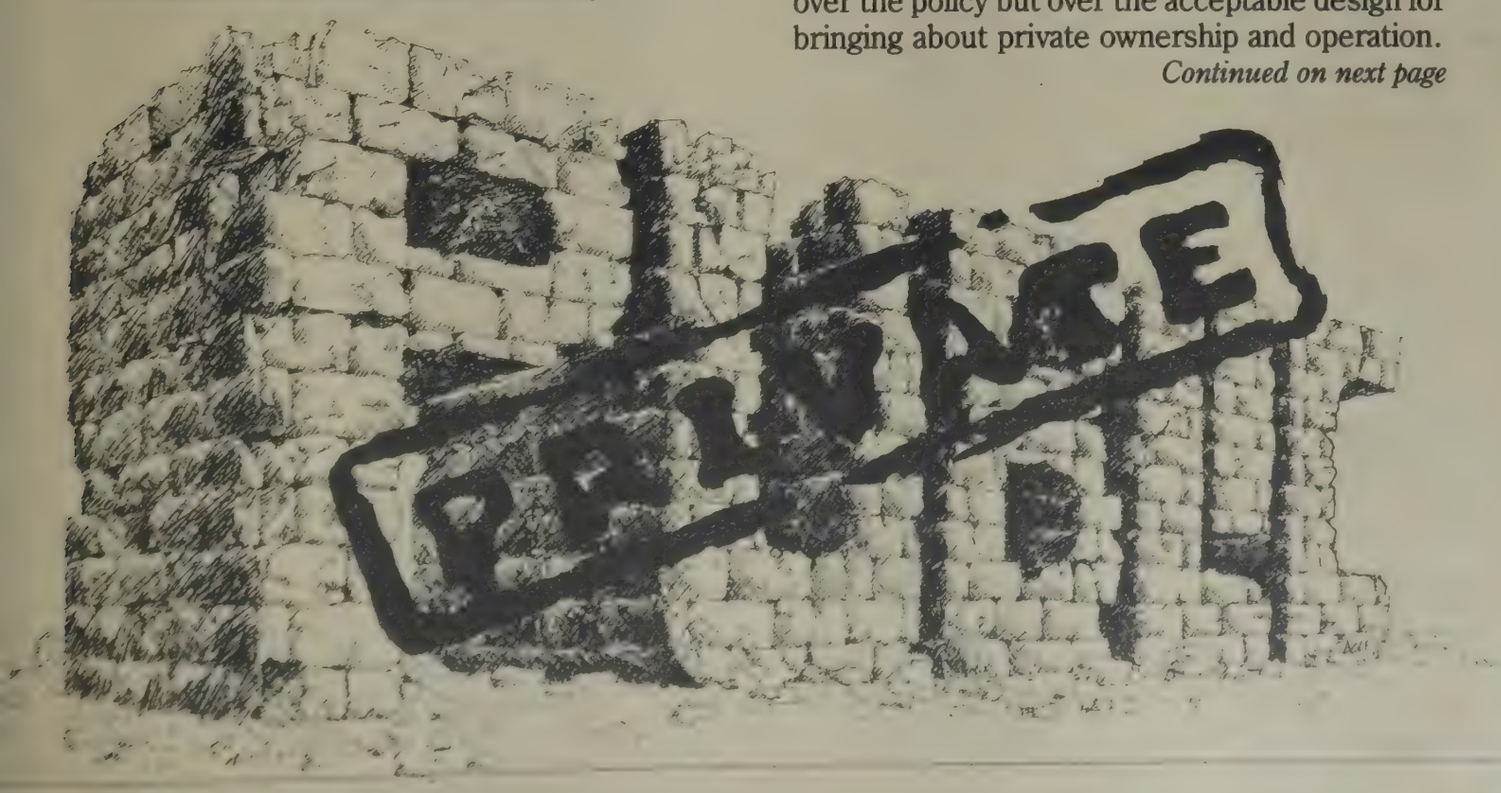
GOING BACK 50 years or so in economic and political time the code word in much intense discussion was nationalization—or socialization. Large, powerful and often monopolistic enterprises were prominent on the industrial scene. Their workers and consumers were, even in the most reputable discourse, presumed to be a little or a lot at their mercy. How plausible that the state should step in, take over and operate in the interest of all its citizens.

Or perhaps the enterprises were insufficiently powerful; the public was penalized by their weakness, threatened by their prospective failure. Again the remedy: nationalization.

Any such discussion today would have a marked flavor of antiquity, the economic and political equivalent, more or less, of the resurrection of the Titanic or the re-creation in New York's Central Park of the caves and paintings of Lascaux. All mention is now of privatization, most dramatically in Central Europe and the Soviet Union but also in the English-speaking countries and as a basic component of effective public policy in Latin America and elsewhere. Economic debate is not over the policy but over the acceptable design for bringing about private ownership and operation.

Continued on next page

John Kenneth Galbraith is the Paul M. Warburg professor of economics emeritus at Harvard University.



Public headaches—

Continued from previous page

It is a discussion, I suggest, that should be approached with a certain measure of mental reservation, extending, on occasion, to extreme skepticism. There is no overriding rule as to privatization by which anyone or any country should be guided. There is no substitute for careful case-by-case thought, painful as that may be.

In Europe and Japan, visiting Americans ride with pleasure on publicly owned or largely publicly owned railroad systems. Government ownership and operation of this by no means unimportant industry has been an economic and social success. In the United States we do not widely use railroads, for here private rail ownership was extensively a failure. The passenger trains and quite a few of the freight trains that do still serve are operated by the government. This is done with modest competence; the alternative would be no passenger service at all and a large part of the industrial eastern US left with no cargo trains.

In most modern industrial countries, electricity is provided by publicly owned companies, as are other utility services. In Switzerland, a land identified in all popular attitudes with committed capitalism and free enterprise and where I have lived part of my life, I bank in an excellent publicly owned bank, ride a publicly owned railroad and rejoice in seeing cities where everyone is entitled by public action to more than acceptable shelter.

Elsewhere, there is indication that if a corporation is large enough, it does not greatly matter who is the ultimate owner of its shares. It can be owned by the government or, with little difference, by scattered and anonymous investors. What matters is that the management of the enterprise have full right of decision and be fully accountable for performance; that it be broadly rewarded for good performance and suffer the consequences of incompetence. This, in turn, is to say that it should be generally subject to the test of the market, have the rewards from doing well and the penalties from lousing things up.

The disaster of public ownership in much of Latin America, as also in the case of older industry in Europe and elsewhere, is that performance is irrelevant or largely so. The firm is kept in operation as a lifeboat and gravy train for those employed there. The service rendered or the product manufactured is poor and sometimes redundant; the cost can be large and on occasion horrific. Privatization here has much to be said for it; it is also, in a good many cases, a useful cover for simply shutting down the business.

I have been talking of large enterprises—the big corporations. As the Russians, the Central Europeans and the Chinese have discovered, the case for the privatization of small enterprises, especially those rendering services or producing diverse consumer goods, is very great, perhaps nearly total. It was here, above all, that socialism did not work.

None of this, however, is to minimize the problems in the transition back to private enterprise. That is proving far more difficult than some of its advocates ever imagined. Intelligent gradualism can have much to commend it.

What emerges as a conclusion? I venture to think the meaning is clear. This is not a matter by which we can be guided by any universal rule, by ideology. We cannot conclude that public ownership is always good or bad. Equally, there is no general case for or against privatization. There is a need for careful consideration in each particular case or in the particular kind or class of economic enterprise. Thought, not general rules, must be brought to bear on the issue of privatization.

As I indicated at the outset, case-by-case consideration is demanding, even painful. Far easier is the oratory laying down broad, if sadly implausible, principles. Some have spoken of a broad, transforming move to private enterprise. I am hopeful and indeed optimistic enough to believe that it instead will be a thoughtful adjustment to particular circumstance.♦

Power of the profit motive

The number of privatized firms around the world



List includes privatizations by completed public offerings, worker/management buyouts and direct private sales.
* Includes full and partial privatizations.

SOURCE: LIPTON AND SACHS, BROOKINGS PAPERS ON ECONOMIC ACTIVITY (1990)

Philippine fire sale cools off

Selling the Marcos legacy

BY JOSE MARTE A. ABUEG
in Manila, Philippines

AFTER FOUR YEARS, progress in the Philippines' ambitious privatization program remains slow, mired in a history of bureaucratic and political bickering.

The government's program encompasses nearly 500 assets, including about US$7 billion in loan accounts previously held by government banks in 365 "nonperforming" projects left over from the time of Ferdinand Marcos.

Over $700 million in assets—ranging from cars and executive jets to financial accounts and building projects—have been sold. But the vast majority of the big-ticket items such as Philippine Airlines, National Steel and the Philippine Associated Smelting and Refining Corp. (PASAR) remain unsold.

In an attempt to speed up the process, the Philippine government's Committee on Privatization (COP) has given many state enterprises holding targeted entities a mid-year deadline to complete sales. Of 301 government corporations, 123 have been targeted for privatization. So far, only 67 have been offered for sale, of which 58 have been fully or partly sold, yielding about $228 million.

Nonetheless, many criticize President Corazon Aquino for the loss of the program's momentum. Aquino herself has publicly expressed impatience with the pace of progress.

The most cutting criticisms, however, come from former program officials who claim the bureaucratic process relies on recommendations from self-serving players, such as government companies that would lose attractive subsidiaries and officials who would lose their posts in the event of privatization.

A more fundamental problem is that the market itself is weak in the Philippines. Even if assets are offered at prices below market rates, they find few takers, which sets up a situation where a few investors could dominate markets.

The most sales under the program have been completed by the Asset Privatization Trust (APT), which is the most independent of all the government entities involved in selling state assets and has the most liberal valuation policy.

Created specifically to sell off Marcos-linked accounts foreclosed by the government's two biggest banks or the sequestered "ill-gotten wealth" of the Marcos regime, the APT does not try to sell assets above prevailing market prices. This policy has spawned criticisms that it sells assets at fire sale prices. It is staffed by full-time professional executive trustees, but the decision-making powers belong to the COP.

Numerous drawbacks notwithstanding, the program has had favorable effects. The APT has remitted $500 million to the national treasury from its sales.

Other benefits are less quantifiable. Ferdinand Marcos had increased government corporations from only 70 at the start of his martial rule in 1972, to 301. Although most of these remain with the government, the burden they put on the national budget has eased significantly.

That privatized companies are more efficient under their new managers than under government bureaucrats is readily acknowledged, but the true test of their performance remains in the future.♦



AP / WIDE WORLD

Even the historic Manila Hotel is up for grabs.

Jose Marte A. Abueg is a Manila-based business writer and the head of corporate planning at AsiaBank Corporation.

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Hungary's shaky progress

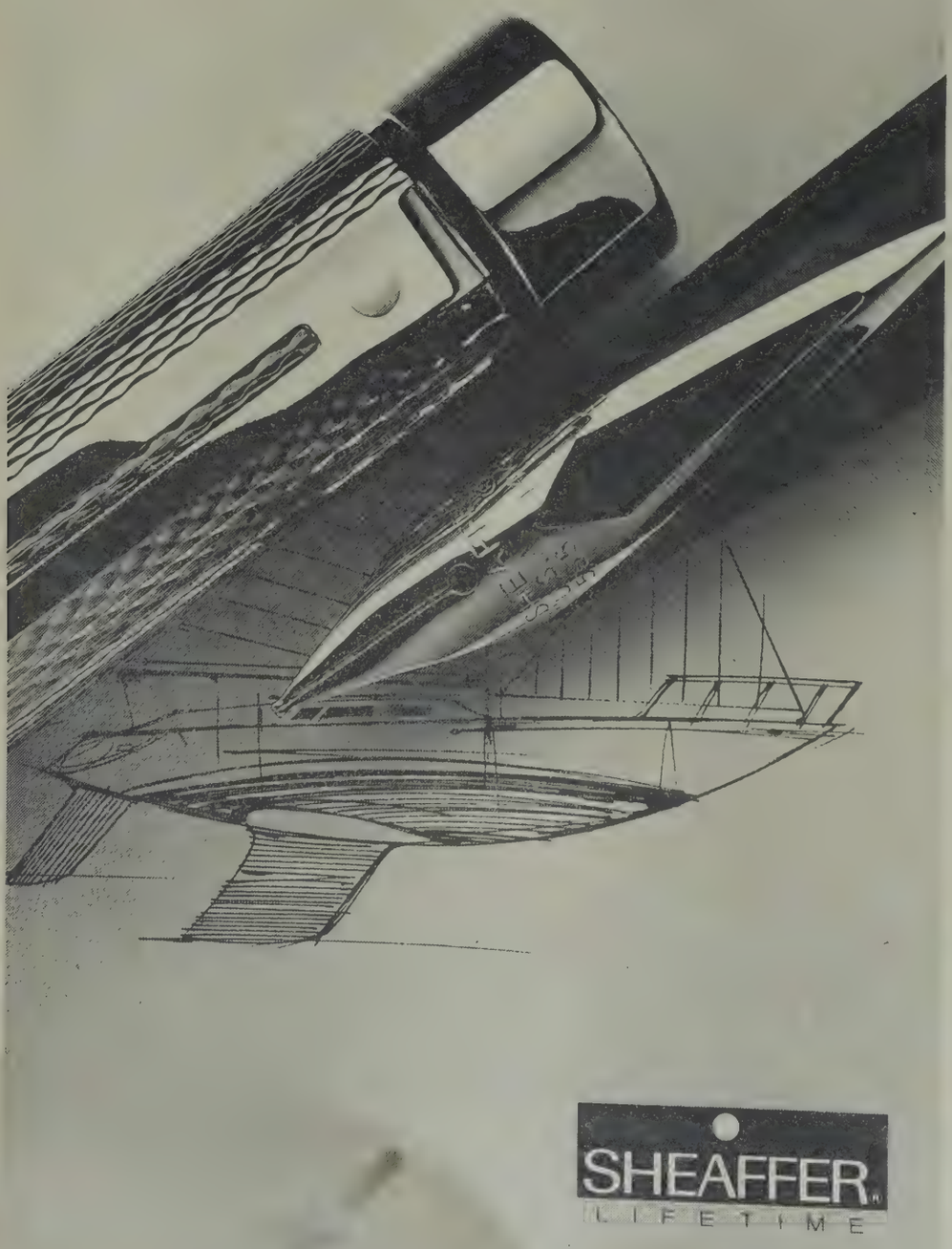
Privatization clouded by suspicion of favoritism

By Robert Becski
in Budapest, Hungary

IN HUNGARY, NOBODY is satisfied with privatization's pace. Despite numerous program proposals, drafts, arguments and amendments to laws, there has been little progress.

There is also a growing suspicion that some privatization schemes have led to massive giveaways of state assets which may have added only a droplet to an already shrinking pool of government revenue.

Reinstating private ownership is a difficult task in a country where even every grocery store was socialized. Yet, the principle of privatization is firmly entrenched and can be carried out in three approved procedures.



The first is a change in ownership initiated by the state. State-owned enterprises are supposed to be offered for sale several times a year.

In the second procedure for privatization, the enterprises themselves initiate the sale. Dubbed "spontaneous privatization," this process remains a politically sensitive issue and topic of heated debate in and outside the government.

There is also a third procedure for privatization. Domestic and foreign investors—including managers and employees of the enterprises—can request the sale of a specific enterprise or shop.

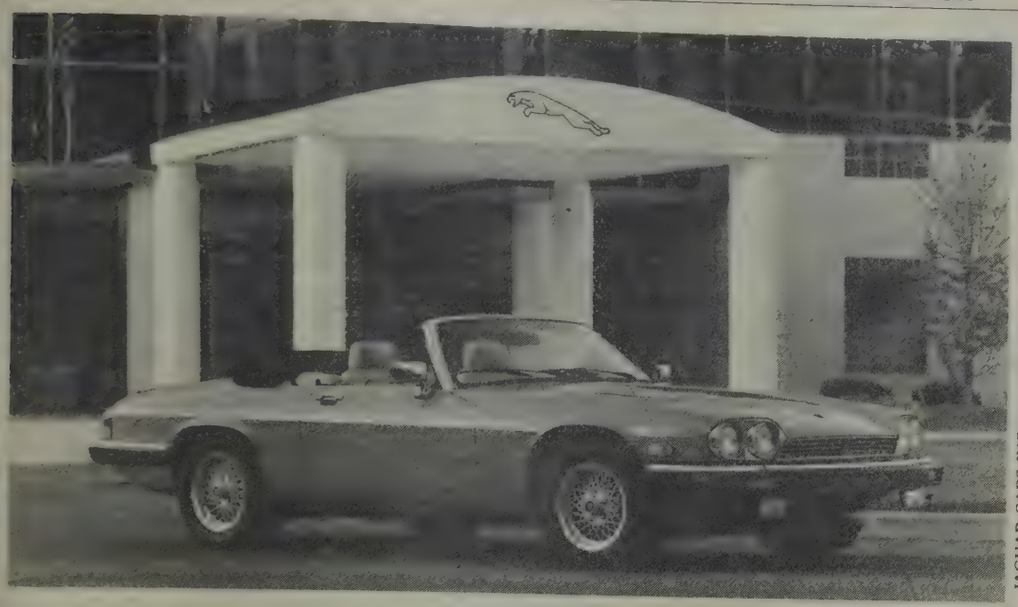
Paralleling the above mentioned programs, the "preprivatization program" was initiated through a special act of parliament in the retail trade, restaurant industry and consumer services. Its development is a good example of the difficulties which new governments face in previously socialist countries. The idea of an enterprise which is formally under state control but is in fact run independently and leased was an obvious solution for the transition to private ownership. Under this program, retail firms and restaurants may be leased from the government by employees, who then deliver preordained monthly payments, retaining any additional profits.

The idea saw daylight, but some managers, especially those linked to the political elite, often took advantage of generous leasing terms. Unrealistically low prices were set on the equipment which was contributed by the state along with the capital base, again to the managers' advantage.

The role of foreign capital, for the time being, is also problematic. All agree that the Hungarian economy cannot be privatized without a massive injection of foreign capital. The privatization of large industrial enterprises calls for Western investors, but in an uncertain economic environment they are not going out of their way to invest.

The risk of selling state enterprises below true market prices can be reduced, if overseeing institutions are involved in transactions to provide a public check on the process. But this approach also has its drawbacks since, as a general rule, the more administrative procedures there are, the fewer buyers and the more cumbersome privatization becomes.♦

Robert Becski is an economist and works for the Market Research Institute in Budapest.



JAGUAR CARS INC.

At left, Jaguar paid off handsomely.

In UK, privatization leaves government shelves bare

Jury is still out on success or failure of great experiment

By Nigel Adam
in London, UK

THE BRITISH LOVE a bargain. Until the present recession, standing in line for store sales was a national pastime. One ongoing sale proved so popular that near riots sometimes broke out in the City of London. This was the phenomenon known as privatization.

The disposal of a substantial part of the UK government's industrial assets was a cornerstone of the Thatcher administration's policy over the last decade.

The era of privatization in the UK is almost certainly drawing to a close, not long after the architect of this phenomenon herself left the stage.

In total, the UK government will have raised nearly US$78 billion from its asset sales which began publicly when 50 percent of British Aerospace was sold 10 years ago. The state entities which have been passed to private hands include the cream of British industry in key sectors ranging from energy to telecommunications.

The debate over the ultimate consequences of privatization has always been a lively one.

The government recognizes, though, that raising revenue to reduce the level of public debt is a finite exercise. The November sale of the electricity industry has left the government's shelves almost bare. Privatization of the coal and railway industries has been pencilled in for the next Conservative administration, but at present neither industry has the financial stamina to survive in the private sector.

Certainly, privatization has boosted the number of individual shareholders in the UK; from only two million in 1975 it multiplied to about 10 million by the end of last year. Yet the proportion of outstanding shares held by institutional investors—principally, pension funds and insurance companies—has also increased, to no less than 80 percent.

The government has deliberately spread the new shares thinly. Most investors hold only a few hundred, which is proving irksome both for the newly privatized companies, who must maintain a bulky shareholder register, and for individuals, who find that rising dealing costs make such tiny holdings barely worthwhile.

This issue came to the fore last November when shares for the regional electricity companies were massively oversold. Allocations were pared back so severely that most investors received only 100 shares worth $195 at the initial price. Worse, some investors who received no shares at all found that their checks had been cashed and had to wait weeks for a refund.

The electricity sale was the government's largest as well as its last. Scheduled as the grand finale of the privatization program, the event was tainted well before its closing minutes. First, in 1989, the government was forced against its will to drop nuclear power stations from the sale, after it miscalculated their running costs. Then, last summer, it began talks with Hanson, the industrial conglomerate, on a possible private sale of PowerGen, one of two British electricity generators. When talks began to unravel, the government decided to revert to a public sale early in 1991.

Nonetheless, many investors have profited handsomely from privatization. The electricity sale may have resembled a lottery to unlucky investors but those who did get shares are already sitting on a gain of over 50 percent. Further back in privatization's history, those who scrambled to buy shares in Jaguar, when it was sold in 1984, realized a fivefold profit when the company was bought by Ford in 1989.

The big utilities like British Gas and British Telecom have generated respectable profits since becoming privatized but this is largely because they still hold monopolies in their markets. Telecom has improved its services but the industry regulator, appointed by the government to keep an eye on standards, believes that services and prices could be even more favorable to the consumer.

This attitude will be reinforced if a socialist government is returned at the next general election, due by mid 1992 at the latest. The Labour Party has said it will renationalize only certain industries, principally Telecom and the water and electricity companies. But the government would insist that all the utilities pay more attention to prices and less to dividends.

The jury is still out on the success of the UK privatization experiment. Its instigators can take some comfort from the fact that the process is being repeated around the world, often following the British model. If nothing else, privatization has been added to the vocabulary of industry.♦

Nigel Adam is a freelance business journalist and former editor of the London-based monthly *Business*.

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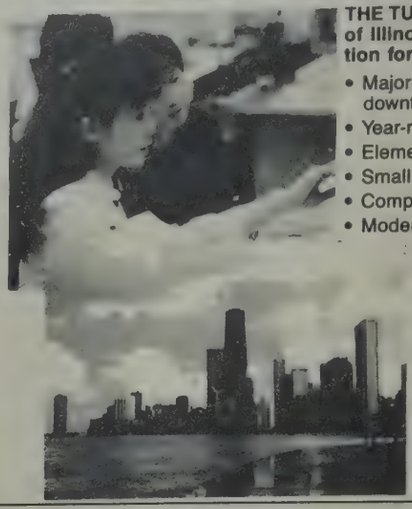
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Tailoring privatization to Japan's fast-track needs

Government meddling derails Japan National Railways

By Tsugunari Edward Kuroki
in Miyazaki, Japan

AT GENERAL McARTHUR'S instruction in 1948, three of Japan's largest public enterprises, Japan National Railways (JNR), Japan Tobacco and Salt Public Corporation and Nippon Telegraph and Telephone Public Corporation (NTT) were made public. "Public" in Japan at that time meant that instead of being wholly managed as well as financed by government ministries, the companies, though still 100 percent financed by the government, would become self-managed entities. Almost four decades later, both Japan Tobacco and Salt and NTT finally were privatized in the modern sense, in 1985. JNR followed suit a few years later.

JNR, however, pioneered a unique course to privatization. Seven different major rail enterprises have been spun off from the parent company and are in various stages of privatization.

Unlike Japan Tobacco and Salt and NTT, JNR was always subject to severe competition with existing private railway companies from the very beginning of its 1948 transformation, especially in major cities. Though JNR often wanted to implement improvements to make it more competitive, the purse strings were still controlled by the government and approval for improvement plans was often bogged down in government bureaucracy.

Though struggling to meet growing public demands and overcome the financial binds of the government, JNR managed to maintain a profit until 1968. In 1969, JNR marked its first yearly loss on the balance sheet and losses soon snowballed. Over the next 20 years, tremendous efforts were made to try to improve JNR's financial situation. Repeated borrowing to make up for the growing deficits totalled over US$150 billion by the end of fiscal 1985.

During the losing years, the railroad implemented a series of drastic measures, including, at one time, laying off half its work force. JNR was also forced to increase fares many times, knowing that while this might immediately aid the financial situation, in the long run it would (and did) cause a severe drop in the number of passengers. JNR tried to expand and diversify key, profitable lines in hopes that an investment would eventually pay off, but all plans were opposed by the government, which didn't want JNR's speculations to threaten the private sector.

To compound JNR's struggle, government planners requested many unprofitable local lines. Meanwhile, the more efficient and privately owned Shinkansen (bullet train) was extended beyond Tokyo and Osaka.

JNR seemed to be locked into a no-win situation. Both the government and the public criticized JNR for its inefficiency. The railroad's hands were tied by government fiscal controls and politicians were constantly lobbying for their constituency's interests, which invariably conflicted with other constituencies' demands.

Now, after five years of privatization and diversification, though there are many more hurdles to overcome, the newly named Japan Railways' (JR) financial situation has improved significantly; the number of passengers has increased; operations and scheduling of each JR line are becoming more suited to local needs; and, perhaps most importantly, each JR company now has complete jurisdiction over its own development. Each of the JR companies still has years to go before paying off all debts and resolving many other problems. But the future of JR companies looks bright, for it is now finally transforming itself into a truly consumer-oriented organization with its own autonomy.♦

Tsugunari Edward Kuroki is the assistant director of Japan's International MAGLEV-Technology office and a consultant for the US-based research and development company Foster-Miller.

The fading of Canada

Will Canada lose its identity in rush to privatize?

ENTRANCED BY A global trend, the Canadian government has been privatizing state-owned corporations and cutting spending on public services. While few argue that this is not good economics, there is rising concern that it is bad nation-building for a young country.

Always sensitive to the influence of American ideas and culture seeping north over the longest undefended border in the world, Canadians have taken pride in a political culture markedly different from that of the United States. And part of that culture has been public enterprise.

While Americans have sought life, liberty and the pursuit of happiness for every individual, Canadians set goals in their constitution of "peace, order and good government" for the national community. In the past, the government was seen as an agency with which to cooperate in building a country in a huge, sparsely populated territory with a forbidding climate.

Now, however, that tradition is disappearing. Railway passenger service, which has for some years been operated by Via Rail, a publicly owned agency, has cut lines and trains, including the famous transcontinental train, The Canadian. A steel link with the past has been lost. Air Canada, which replaced train service, has been privatized and there are now a number of private airlines instead of one national line.

Canadians are watching the familiar symbols and institutions of their nationhood fade. A new society is emerging, one in which market forces are dominant. The American model is taking shape—a model they thought they had rejected at Confederation in 1867.

—By Anthony Westell, associate editor for North America

The WorldPaper

In Latin America, state enterprise gets the axe

Chile's path to privatization offers lessons worth noting

By Felipe Larrain
in Santiago, Chile

PRIVATIZATION IS BOUNDING over ideological barriers in Latin America. Considered a patrimony of the right just a few years ago, today the left is also embracing it. Clearly, the examples of Felipe Gonzalez's Spain and François Mitterrand's France have inspired the more flexible minds in Latin America's left.

In the private sector, privatization has renewed investor confidence in economies that not too long ago seemed destined for strong state control.

In the 1980s, Mexico took the lead in privatization from Chile, which in the 1970s was the first country in Latin America to implement nationwide privatization schemes.

By 1990, the two main Mexican airlines, Aeromexico and Mexicana de Aviación, had been auctioned, as well as the telephone company, Telmex. Eighteen banks, those that were originally nationalized in 1982, are waiting their turn to be auctioned. While the sale of Telmex yielded a reported US$8 billion for the Mexican government, the banks are expected to net an extra $14 billion.

Argentina has also begun its privatization process. In November 1990, foreign investors purchased the national telephone company for about $5 billion. The government then went on to sell the national airline, Aerolineas Argentinas. Brazil, Venezuela and many smaller countries in the region are also in the initial stages of their own privatization processes.

Many long-held tenets of state enterprise have gone up in smoke in this process. Only a few years ago, for example, it would have been unthinkable to privatize state airlines, which have long been symbols of national pride. However, Argentina and Brazil (and Chile earlier) swallowed nationalist sentiment and privatized their airlines.

Privatization has not just been the result of ideology, as many said of the 1970s Chilean process. It stems from outright necessity. In Argentina, privatization is an urgent, practically motivated task. The Argentine public sector simply does not have the resources necessary to maintain normal operations in many state companies.

Chile's road to privatization provides useful lessons for Latin American and other countries where significant private markets already exist.

> *Only a few years ago, it would have been unthinkable to privatize state airlines, which have long been symbols of national pride.*



In Chile, the military government that took power in September 1973 decided to transfer most of the assets that had come under state control in the previous Allende administration to the private sector.

The value of assets the government reaped through sales (mostly between 1974 and 1978) was about $1.2 billion. By 1980, only 43 public enterprises remained and the government's share in GDP had declined from about 40 percent in 1973 to a still considerable 24 percent in 1981; key public firms had remained in state hands—primarily those in the communications, mining and utility sectors. Although this may initially sound like a success story, there are several points worth noting in Chile's first privatization round:

- Timing of the sales was inappropriate; most privatizations were carried out in 1975, as Chile faced its worst depression since the 1930s.
- Newly privatized firms started with a high debt-equity ratio. When interest rates rose and the 1982-83 depression hit the economy, many firms went bankrupt.
- Little care was taken to disseminate property widely. Sales resulted in the concentration of property in the hands of relatively few groups which had access to foreign credit.
- The prices paid for some companies caused considerable controversy. Many analysts have claimed that public assets were sold too cheaply, damaging public finances.

Chile launched a second round of privatization in 1985. As a result of the failure of financial institutions in the 1982-83 depression, many previously privatized entities were again in public hands, including two of the nation's largest banks and the biggest pension funds. A menu of new methods was used to privatize these companies. This time, the procedure and timing for the process was considerably improved.

In other developments, the government also privatized many state firms that remained in its hands after the first round to simply reduce state holdings. Several means were used to privatize these companies: private pension funds were allowed to purchase limited quantities of shares through the stock market (institutional capitalism); workers were given important incentives to become stockholders in newly privatized firms, such as access to their severance funds to pay for the shares (labor capitalism); and individual investors bought shares through the stock market or participated in the bidding processes (traditional capitalism).

Some concerns have arisen in this second privatization round over changes in the program as the process evolved, especially regarding the privatization of natural (though regulated) monopolies and the subsidization of foreign investors. Nonetheless, the program has already scored important successes providing for a large dissemination of property to private firms, worker access to ownership in companies and improved financial positions for newly privatized companies.♦

Felipe Larrain is an associate professor of economics at Pontificia Universidad Catolica de Chile in Santiago.

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Molasses to petrochems' aid

High octane from molasses, that's technology for you. Three scientists — Paul Ratnaswamy, S. Sivasankar and S. Saha — at the National Chemical Laboratories (NCL), Pune, have recently evolved a process by which molasses can be converted into this superior grade petrol which is free of pollutants like lead, sulphur and nitrogen. This fuel has been tested and found satisfactory as a source of energy for scooters.

However, Ratnaswamy, deputy director of NCL and project-in-charge, is cautious in his optimism. According to him, the total amount of petrol which could be produced annually from the molasses available in India would be less than 1 million tonnes — a quantity quite insubstantial, given the annual requirement of 50 million tonnes. And the cost of production would make this method uneconomic too.

Still, the technology has its uses. It could be applied to convert agro-based alcohol (obtained from molasses) to olefins, an important feedstock for the petrochemical industry. In fact, this development could have far reaching consequences, for the implementation of this technique would enable the production of all the six basic building blocks of petrochemical products — the olefins (ethylene, propylene, butane) as well as the aromatics (benzene, tolouene, xylene) — from agro-based alcohol, for the first time in the world.

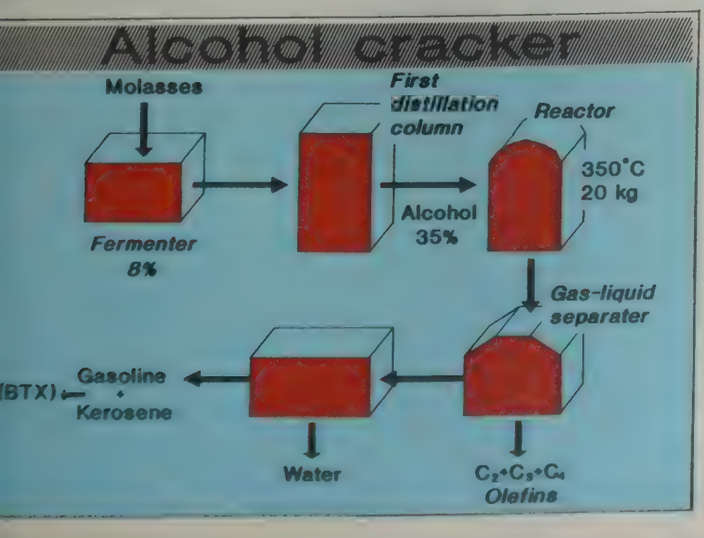
Alternative ways

Says Mashelkar, director, NCL, "We now have alternative ways of producing petrol, kerosene and diesel — by converting natural gas, for example. So it makes more sense to produce petrochemical feedstock from agro-based alcohol and thus reduce our dependence on imported naphtha."

Foreign exchange saving

India produces about 200 million tonnes of sugarcane a year, which yields roughly 6 million tonnes of molasses. So if agro-based alcohol were to be used to produce olefins, India can save as much as Rs.1,400 crore a year in foreign exchange.

What the three scientists have done is to invent and patent a new catalyst called encilite. After fermentation and distillation of cane juice or molasses produces alcohol, in encilite works on it at a temperature of 350 degree centigrade, in a reactor, to produce olefins and water. A gas-liquid separator is used to obtain the required product-mix of hydrocarbons.



Not only does the process involve low pressures and temperatures — making it possible to build a conversion plant indigenously — but its economics is also quite attractive.

It takes 840,000 tonnes of molasses to produce 100,000 tonnes of olefins. The indigenous cost of molasses being Rs.200 per tonne, the total raw material cost would be only Rs.16.8 crore. Even if the molasses were to be imported, the total raw material cost would work out to only Rs.74 crore, at current prices. On the other hand, it takes 167,000 tonnes of naphtha to produce 100,000 tonnes of olefins. At the current price of $300 per tonne, the naphtha cost would be $50 million or Rs.100 crore. So this new technique works out much cheaper.

What's more, even the capital investment required is one-third of what is required along the naphtha route. Also, the naphtha process requires import of plant and technology, while the agro-based process does not.

According to Ratnaswamy, NCL is setting up pilot plants based on this new technology in Sangli (Maharashtra), and at Rampur (UP). But the gestation period for the technology to become commercially available will be at least five years.



Ratnaswamy, Sivasankar and Saha: breakthrough

Plentiful raw material

For the new process, raw material will not be much of a problem for, as the NCL scientists say, it need not be sugarcane alone. Grains like rice, wheat, maize, and starch-rich products like potatoes, beetroot, or even fruits can be used in place of sugarcane. "The present technology developed by NCL," says Mashelkar, "has potential to be sold to countries like Brazil, where large amounts of agro-based alcohol is produced but not fully exploited." The process, if properly exploited, could not only effect considerable saving on foreign exchange but also turn out to be a foreign exchange earner. ■

ROOP KARNANI

INDO-AMERICAN HYBRID SEEDS

For passion and profit

When he began 26 years ago, Manmohan Attavar never imagined that he would one day end up creating a mini Holland in garden city Bangalore. Attavar is the founder director of Indo-American Hybrid Seeds (IAHS), which is one of the largest Indian enterprises producing hybrid flower and vegetable seeds and ornamental plants. Along with its subsidiary Indo American Exports (IAE), IAHS achieved a turnover of Rs.11.15 crore in 1990-91.

The cornerstone of Attavar's success is hybridisation, a technique which took the US by storm in the early part of this century. This technique increases yield and resistance to diseases and achieves uniform growth. However, it involves more manual work since the hybrid seeds are for one-time use and have to be constantly produced. It is this drawback (shortage of labour abroad) that Attavar has capitalised on.

Invaluable US experience

Attavar, who has acquired his passion for plants from his mother, hails from a middle class family in Karnataka's south Kanara district. He completed his Masters in horticulture from Karnataka University, Dharwad, in 1959 and in 1961, headed for the Montana State University, US, where he hoped to do a PhD in plant breeding and genetics. His professor and head of the department of plant sciences, E.R. Hehn, encouraged him to study ornamental horticulture and flower breeding at the George J. Ball Seed Company of West Chicago, a world leader in seed production. During his year-long training there, Attavar picked up invaluable experience in plant breeding, commercial horticulture, greenhouse management, plant propagation and seed production. He was then selected to study at Du Page Horticultural School, run by the Ball Seed Co, from where he graduated.

For the next three years, Attavar worked as a plant breeder at the Pan American Seeds Company at Paonia, Colorado. By 1965, he had already spent over five years in the US and it was time for him to decide whether to return to India and try to complete his doctorate or apply for a residence permit in the US. At this crucial juncture, Hehn advised him, "I don't think India is in dire need of academicians right now. What it needs is self-reliance and entrepreneurs."

Attavar then visited all the major seed companies in the US and realised that hybrid seeds are relatively expensive in labour-short America. He decided to return home, where labour is cheap and plentiful, to produce the seeds and then export them to the US.

But giving concrete shape to his idea was not easy. He could generate only Rs.1 lakh on his own, most of it salary savings from abroad. So he prepared a project report and got a loan of US $17,500 (Rs.87,500) from Pan American Seeds. It was agreed that he would export the flower seeds (mostly petunia) exclusively to the company and thus repay the loan in five years.

Natural choice

Attavar brought back seeds of special varieties of petunias and other flowers, scientific apparatus and chemicals for carrying out investigations in floriculture. Since Attavar's roots were in Karnataka, his choice of Bangalore, with its ideal weather conditions and soil, was natural. Mari Gowda, director of the state horticulture department, allowed him to use the greenhouse facilities at Lalbagh in the city.

In 1966, Attavar shifted to his 6,000 square foot farm at Yediyur village near Bangalore where he set up his own greenhouse. Within 12 months, IAHS' first consignment, valued at Rs.86,000, was despatched. Pan American Seeds was happy with the quality of seeds.

In 1967, Attavar's college mate, N.K. Bhat, tired of his transferrable job with the Spices Export Promotion Council, teamed up with him as a partner with financial assistance provided by a nationalised bank. IAHS acquired more land at Channasandra village, 10 kms from Bangalore, for production of flower seeds. Later on, the company added a R&D lab at Nainital and a bio-technology division at Bangalore for going in for tissue culture plants. It also has an oil seeds division at Ranebennur in the Dharwad district of Karnataka, where research work is being carried out on sunflowers.



Attavar (left) and Bhat: the export team

From 1969 onwards, IAHS set its eyes on the domestic market. It started work on hybrid vegetables (tomato and capsicum) and two years later, they were successfully produced. "Since hybrids were new to India, farmers were initially reluctant to try our seeds which were expensive and needed more fertiliser and plant care," says Attavar. It was only after farmers in Maharashtra used IAHS seeds that others, impressed by the yield, started buying them. "Today, the demand is greater than the supply," adds Attavar.

Interestingly, IAHS has developed wide varieties of seeds to suit different agro-climate regions in the country. In tomatoes alone, it has 11 varieties, three each in watermelon and cabbage, two each in capsicum, cauliflower and ladies fingers. Says K.P.V. Shetty, director of the flower seeds group at IAHS, "Our aim is to have one seed in each category of vegetable available in India."

One obvious drawback is the high costs f IAHS seeds. Shetty dismisses this: Once the message is spread that a rmer gets benefits like higher yield and etter quality, he does not talk about osts." Marketing director H.S. Parikh, dds, "Seed costs form not even 10 per ent of the total cost of cultivation. armers who are aware of the potential of ybrids do not mind paying three to four mes the cost of normal seeds."

Parikh looks after the domestic market nd the export market is managed by ttavar and J. Prakash, director of the io-technology division. Both Attavar nd Prakash have good contacts abroad. ttavar attends to export marketing of ybrid seeds and flowers, while follow-ps are carried out by Bhat.

ncouraging results

the last two years, Prakash has made at ast ten trips abroad, in quest of foreign arkets for tissue culture plants. The re-ults have been encouraging. During pril 1990 and March 1991, IAHS ex-orted tissue culture plants worth Rs.1.3 rore. This year, IAHS hopes to export tis-ue culture plants worth Rs.2 crore, in-uding an order of Rs.65 lakh from a utch company for breeding blue lilies. rakash points out, "Tissue is definitely the growth area in IAHS."

While some Indian companies engaged in tissue culture are concentrating only on multiplication of plants or breeding of seeds, IAHS has other facilities as well. These include preparing disease-free plants, or making completely new plants — like a banana with the taste of mango or caffeine-free coffee. Such endeavours are obviously not possible by conventional methods. It also has the infrastructure for exploiting plants for aromatic and medicinal purposes.



HS tissue culture lab: in the growth area

One of the major activities at the bio-technology division of IAHS is to increase the yield of cardamom plants. On an average, one gets 200 to 300 gram of yield per plant. IAHS research has succeeded in increasing the yield to 1 kg per plant (on an average, 600 gram).

Big markets

The US is IAHS' biggest market for hybrid flower and vegetable seeds and the Middle East an important market for hybrid plants. Europe is the principal market for tissue culture plants. For ornamental and fruit plants, Oman is the largest buyer, followed by Saudi Arabia.

Indo-Amercian Exports, set up in 1984, is engaged in contract production of hybrid seeds. During 1990-91, IAHS had a turnover of Rs.5.70, crore while IAE recorded sales of Rs.5.45 crore. Attavar holds 70 per cent of the equity in IAHS and Bhat holds 30 per cent. In IAE, Attavar has a 40 per cent stake, Bhat 30 per cent, while four other directors together own 30 per cent.



Attavar: aiming to be the best

IAHS may have become a big name today but export activity has not been a smooth game all along. "While labour in India is cheaper, costs of consummables and freight are quite high," points out Prakash. Laments Bhat, "Once Air India flew consignments of tissue culture plants all the way to Amsterdam without delivering them and brought them back. Subsequently, Air India simply wrote a letter of apology." Attavar feels that the government, which gives more importance to agriculture than floriculture, should relax some import curbs.

IAHS' achievements so far have been noteworthy and its future is certainly promising. World-renowned agriculture scientist M.S. Swaminathan says, "It's a remarkable achievement to be leaders in seed production in the world. Indo-American Hybrid Seeds has played a pivotal role in establishing a horticulture industry in India on scientific lines."

Attavar is certainly aiming high. Over the last many years, his company has been increasing its turnover at an average yearly rate of 20 per cent. This year, he expects IAHS' turnover to increase by 35 per cent. "My ambition is to make this company the best in the world," he says.

■ DEVAPRASAD PUROKAYASTHA

SUPERSNOOPERS

Business is booming

The sleuthing business is touching a new high. A job that used to attract sniggers or, at most, tolerant amusement, now lures young men and women (often highly qualified in various fields) as full time sleuths or freelance investigators moonlighting from their regular jobs. Glamour and excitement are considered only a part of the business; there is plenty of money to be made as well. And while the gumshoe business is still comparatively in its infancy in India, people are getting increasingly aware of the facilities offered by detective agencies. In the yellow pages, there is an entire section devoted to them.

"Compared to when we started out 30 years ago, sleuthing is now a very comprehensive business," says Major Bhagwan Singh of Globe Detective Agency, one of the leading detective agencies in India. "Though 90 per cent of our business is taken up by the corporate and industrial sector, we also have numerous cases of thefts, kidnapping, marital suspicion and the like." But, he adds, "We have to be careful while taking on such cases, because we don't want them to end up as a tool of blackmail."

Shadowing a suspect

Then again there are those who want a divorce on the ground of infidelity. The court accepts only photographic evidence, and detectives have to involve themselves in intrigue, and, in detective jargon, 'pull a Bond' on the party concerned. This service involves very careful tailing and the use of expensive photographic equipment. Costs can run into more than a lakh of rupees.

Among the services offered to the corporate sector is pre-employment screening, which includes giving the client a complete lowdown on the professional and personal life of a prospective employee. Another service is surveillance in offices and factories to prevent pilferage, monitor union activities and plug the more serious malpractices — like the deliberate purchase of inferior raw material. Such malpractices often give rise to the manufacture of spurious goods where the help of private investigators, if not the police, becomes necessary.

The methods that such sleuths use are varied and interesting but, according to them, as devoid of glamour as a banana peel. "All these images of a private eye with gorgeous girls hanging on his arms, dead bodies strewing his path, and motor boat chases are created by the movies," says Henry Bawa of Littlemore Services. "In real life trailing a suspect is frustrating, often hot, boring and uneventful, and only sometimes dangerous." When a suspect has to be kept under 24 hour surveillance, his shadow has to be on his feet continuously. Singh cites a case where a woman disappeared into a building. Five days later her shadow was still waiting for her to emerge!



Agencies cannot do without specialists. For instance, there are people good at riding motorcycles for trailing, smooth talkers for gleaning information and specialists in the use of electronic gadgets. Though all agencies get dozens of applications every year, many from dewy eyed graduates looking for a 'kick', the ones that get chosen are those who are resilient, observant and above all patient.

"I give prospective employees an IQ test that I have devised myself', says Bawa. "To my mind a sleuth must be mature, intelligent and imaginative. The glamour flies out of the window in the first week," he adds. "That's when many quit." There is no formal training course and most youngsters are trained on the job.

Bawa himself trained in technical optics related to crime and came into the business because he "knew nothing else". His father was a handwriting and fingerprint expert. Bawa was the youngest and first Indian to be selected president of the World Association of Detectives (WAD).

Bawa's wife Indra, a director of the company, handles the woman operatives. There are several women in the profession but they are assigned the less dangerous jobs. Meeting suspects and witnesses, often in various guises, and gleaning information from them is a highly skilled job. "While the suave young man at the next table at a restaurant is trying to eavesdrop on your conversation, the seedy looking character rolling a *bidi* with your driver might in fact be a senior investigator trying to get information," says Singh.

Often an undercover agent has to infiltrate an office or factory and actually work there as a regular employee for months. "We ask companies to release a dummy advertisement for a job, to which our man applies and gets chosen," Bawa explains. Operatives enter the organisation as electricians, telephone operators, liftmen and typists. Of course they have to be qualified for the task in order not to arouse suspicion.

Cunning contraptions

The gadgets detectives use in India are limited, but some cunning little contraptions are common — miniature tape recorders small enough to nestle in hair buns or collars; cameras tiny enough to be fitted into cuffs, and even one contraption that can be concealed in an olive that is served in martinis at parties.

Business is booming. Globe has offices in the major metros with over 500 full-time operatives. Employees get salaries and perks that compare with those of any multinational. There is nothing 'shady' about the business any more and as Bawa, known affectionately as the 'Indian James Bond' puts it: "It isn't making money that is our *tour de force*. We are committed to doing good to society."

With the profile of the proverbial 'private eye' turning sophisticated, maybe it won't be long before we see a full fledged School of Detectives — something professionals feel there is a crying need for. ■

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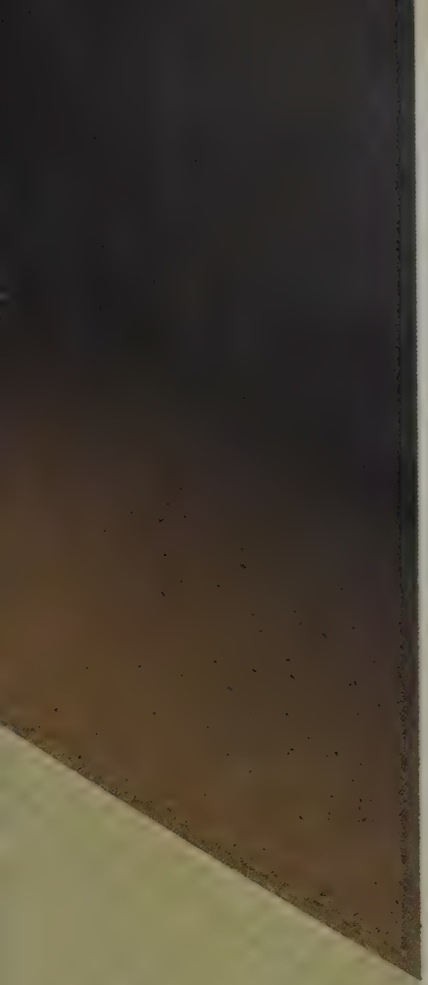
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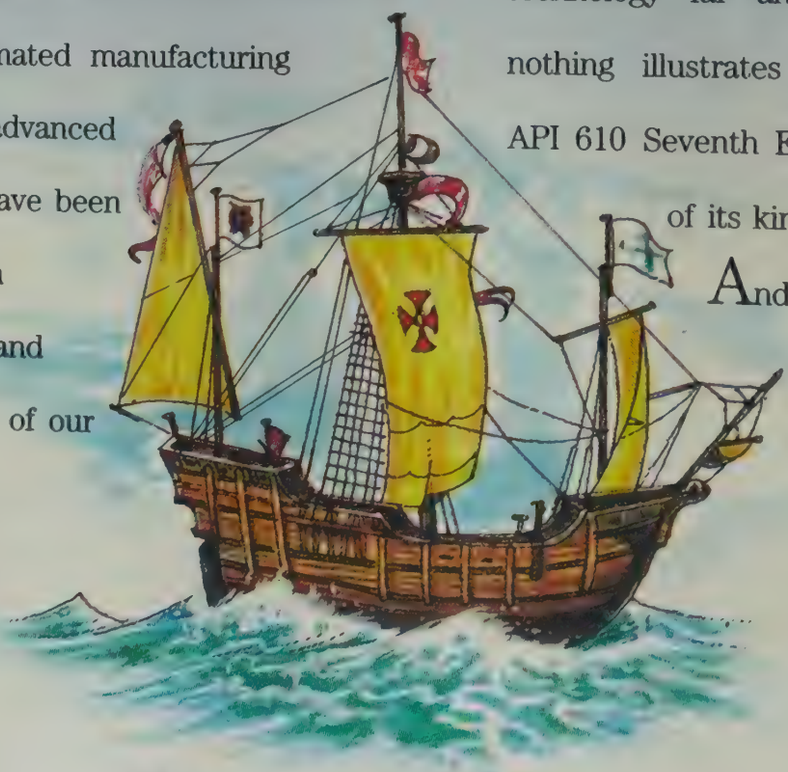
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BRITISH AIRWAYS

A flight of fantasy

Marcel Parker, general manager (personnel) at the Oberoi Hotel group was in the midst of conducting interviews when his secretary put an 'urgent' call through. Parker's annoyance at the interruption changed quickly to sheer delight when he learned the identity of the caller and the reason for the urgency. A spokesman from British Airways informed him that he'd just won two free tickets to London.

As a standby winner of the airline's much-publicised lucky draw — "The World's Biggest Offer" (WBO) — Parker and his wife had all of four days to prepare to board BA 036 on 24 April flying non-stop from Delhi to London's Gatwick airport. For the Parkers, who hadn't been abroad for years, and for 268 other free ticket holders this seemed truly a flight into fantasy.

Festive look

On the night of 23 April, the international airports at Bombay, Delhi and Madras, sported an unusually festive look. Banners proclaimed that it was 'Up and Away Day' when British Airways the world over was carrying all its passengers for free. A month earlier (in March) the airline had launched this global marketing campaign with much fanfare and some controversy.

In India, Air India questioned its validity and 'fairness' of the campaign, thereby earning itself the distinction of being the only national carrier worldwide to do so. On the day of reckoning, with competitors watching keenly, BA spared no effort to ensure a smooth take-off for its three free flights out of India.

Champagne and chocolates

At Delhi's Indira Gandhi International Airport, there were 25 sales staff (instead of the normal 10) and special immigration counters to welcome the free fliers. Needless to say, the welcome was more effusive than usual and the mood distinctly celebratory. Flowers and chocolates were distributed to invoke that party spirit for the promised bash on-board. The cabin crew were dressed for the occasion — the stewards in straw hats and aprons, the stewardesses draped in saris.

As the flights took off and the champagne began to flow, there were more freebies on board. Special pens as giveaways and gifts with every duty-free purchase. A video recorded welcome address by BA chairman Lord King greeted a rather mixed lot of passengers. First-time travellers (some in the first and business class cabins) rubbed shoulders with the travel-wise.

On its home turf, the airline had to cope with the arrival of 25,000 passengers over two days from flights originating in various countries, and the departure of 25,000 winners in the UK heading towards 700 different destinations. At Heathrow, Gatwick, Glasgow, Manchester and Birmingham airports, elaborate arrangements had been made to handle this. Jazz bands and costume characters created a carnival like atmosphere.

Arriving passengers were handed out more goodies in the form of free theatre tickets and discount coupons for a chosen lot of tourist attracts. Even travel-weary R.N. Sinha, a Delhi-based garment exporter, admitted to being a bit overwhelmed. Sinha, who logs in an average of eight overseas trips annually had a one-word response for BA's campaign to win customers and influence the travel and tourism business: "Unbelievable".

Indeed, the WBO promotion had precisely these two foremost objectives. The business took a down-turn in the latter half of 1990 and airlines were caught in the double vise of an economic recession and war.

Precipitous drop

Jim Callary, BA's head of sales and marketing, recalls that by end-December so precipitous was the drop in business that they realised that no routine marketing promotion would work. A special in-house team was put together to devise a campaign that would have both high awareness and sustainability. "We had to gain market share not in a diminishing market but a growing one," says Callary.

WBO seemed to measure up on all these counts. It was audacious, innovative and being global, its sheer size made it noticeable in several markets simultaneously. It is just the start of a six-month long promotional effort that is expected to cost 50 million pounds. There are other goodies in the pipeline.

A campaign titled 'Key to Britain' will offer special incentives to all visitors to the UK between May and August. These range from a time-share at a Scottish Castle to an English title for one person. Business travellers will be wooed by a separate reward scheme called 'BA means business'. Additionally, in Britain, the 1.5 million applicants who did not win, will get a £50 voucher as a consolation prize.



Lord King: greeting a mixed lot of passengers

Positive signs

Callary feels the budget is well spent. The first positive signs are visible according to him. "Our telephones are ringing again and we no longer have heavy negatives in advance bookings," he says. The target is to bring traffic back to last year's level by end-September.

When launching WBO in India, Alan Burnett, BA's area general manager on the sub-continent, had expressed a hope that India tourism would "get a slice" of the additional business. Unfortunately only 170 passengers arrived in India from London on B-day.

■ NAAZNEEN KARMALI

CENTURY TEXTILES

Talent for hire

Last fortnight, Century Textiles and Industries Ltd announced its annual results. Riding high on a cement and textiles boom, the company's sales jumped 17 per cent to Rs.841 crore and gross profits by 45 per cent to Rs.169 crore. Happy news indeed for chairman B.K. Birla. But what he is even more enthusiastic about is his negotiations to manage at least four textile mills in Romania.

It all began when the Romanian government was looking for managerial talent to take care of the mills and some friends recommended Birlas to the Romanians. Negotiations commenced immediately though, says B.K. Birla, "So far we have not been able to strike any agreement on the terms and conditions of the deal".

Early indications are that if the deal is finalised, Century will provide managerial and technological inputs, strictly on a management fee contract, to help salvage the mills which are now sick. The company won't be infusing any funds into the project. Though company executives have looked at only one mill so far, they might finally end up reviving three more.

The first mill has a spindle capacity of 50,000 — one third Century Textiles' size (last year's turnover Rs.140 crore). According to Birla, much of the machinery will have to be replaced. While technical help will go from India, the machines themselves will be bought in Europe.

Not easy

Laying out the terms and conditions of this deal has not been easy for Century, essentially because they had not envisaged the ignorance of the Romanian government regarding basic concepts. "We had to literally start from scratch as they had no concept of debt-equity ratios or production-capital ratio," says Birla. Added to this was the lack of adequate foreign exchange; Romanian laws were vague in this matter. "This is the main reason why negotiations are taking so much time," Birla explains.

For Birla, however this is not the first involvement in an overseas textile venture. Starting in 1955, he had set up three textile mills and one jute mill in Ethiopia. "They were highly profitable, but were nationalised following the Communist coup in the country after Emperor Haile Selassie's death in the seventies," Birla says. And in what is a subtle irony, while in Ethiopia the communists took over his mills, in Romania, the communists now want him to take over theirs.



Birla: enthusiastic about going to Romania

■ SHAMPA KAR

OBEROIS

The Hungarian venture

For almost one decade, the East India Hotels Ltd has been gradually increasing its presence in the Middle East and the Asia-Pacific region. And last month it tied up its first European deal, almost two years after the negotiations first began.

The new property that the Oberois are acquiring is the Gresham Palace, built way back in 1827 in Budapest, Hungary, facing the river Danube and situated in what is called the Roosevelt square. The building, though officially not registered as a historic landmark, is still regarded as such by the city council.

Experts' clearance

In fact, for its renovation, the promoters had to take clearance from the executive committee of the Budapest city council. And the city community board consulted a group of 20 experts before accepting the proposal to turn Gresham Palace into a first class hotel.

The Hungarian venture had been in the offing for some time but according to Gautam Khanna, vice-president (development), it was delayed due to the uncertain political situation in the country. The Oberois will be investing 65 million crowns in the new venture through its subsidiary Oberoi Holdings Pvt Ltd. This amount includes various loans that the company will be getting. But, according to Khanna, the financial structure still remains undecided.

Mex Holdings of Holland will join the Oberois, holding approximately 25 percent in the project. Incidentally, for Mex it would be the first foray into hotelieering as it is traditionally in the garments business. The Gresham Palace will be renovated totally, have 150 rooms, and will, in all probability, open to the public sometime in 1994.

Advantageous position

The Oberois are placed in a distinctly advantageous position, as they are an internationally recognised chain of hotels and Budapest is one of the major tourist centres. "We think the opportunity is good, otherwise we would not have gone there," says Khanna, who is in charge of all new Oberoi projects.

The present four-storeyed Gresham Palace, categorised by the Hungarian government as a 'monument of character', was called the Nako House till 1880. Then the Gresham Life Assurance Society of England took over the building to begin its operations in Hungary; hence the name Gresham Palace. But by 1906, the building was demolished and restructured at a cost of three million crowns. Since then further major alterations have taken place because the buildings were damaged severely during World War II.

Gresham Palace will be the sixteenth overseas venture for the Oberois. The 15 other establishments, spread across 11 countries, include Australia, Egypt, Indonesia, Nepal, Saudi Arabia, Sri Lanka and Kuwait. Gresham would give the Oberois the foothold they have been looking for in Europe, at a time when east Europe is opening up for business travellers. The Budapest unit, along with similar set ups in Thailand, Mauritius and Malaysia which are in the pipeline, would mean a very wide international network for East India Hotels.

■ RAHUL SHARMA

Lipton India

dverse performance of the new foods usiness puts a damper on performance; rofit margins under squeeze; payout iked to maintain dividend

hile volumes in tea, the dominant (50 er cent) contributor to Lipton's turnver, declined slightly, this was made up or by higher average realisations per onne. In edible fats and animal feeds, erformance turnout continued to be satfactory. The advent into foods however as just not taken off and is bogging down erformance as a whole. With the fruit rinks segment badly hit, volumes were dversely affected. Also responsible for ecline in profitability is the percentage eduction in the "Other Income" compoent which in the previous year included s.2.74 crore as sale of Lipton's interest in ertain properties (the tax burden for hich was negligible).

Lipton India			(Rs crore)
Year ended	31 Dec 1990	31 Dec 1989	% change
Gross sales*	586.57	482.33	+22
Other income	3.13	5.49	−43
Raw materials cost	434.43	340.21	+28
Employees' cost	20.55	21.50	−4
Interest	12.07	9.04	+34
Gross profit	12.93	17.15	−25
Depreciation	1.70	1.35	+26
Tax	6.22	5.55	+12
Net profit	5.01	10.25	−51
Equity capital	15.75	15.75	
Reserves & surplus†	24.49	22.12	
Dividend (%)	22.00	22.00	
Market price (Rs):			
Current	109.50		
1990: High	115.00		
Low	63.00		

** Inclusive of blending & packing service charges*
† Excluding revaluation reserve

Export earnings stagnated at Rs.12.48 rore (Rs.11.95 crore) and barely acounts for 2 per cent of sales turnover. hile gross profit margin shrunk to 2.2 er cent from 3.6 per cent, the bottomline tood reduced by half. With EPS dropping om Rs.6.51 to Rs.3.18, payout was hiked om 34 per cent to 69 per cent to maintin dividend per share at Rs.2.20.

The scrip, which has seen a low of Rs.50 nd a high of Rs.115 in the last five years, ow quotes at Rs.100 (3 May '91) discounting earnings 31 times. In fact, the rip had almost touched its 1990's high in the last week of April giving a P/E ratio of nearly 36. Market sources however attributed this high P/E to a combination of certain factors. Hindustan Lever has sold the edible oils business to Lipton for a consideration of Rs.14.87 crore. And this is one area which is slated to do well in the coming year. The biscuits business has been shut down and the right strategy decisions could turnaround the foods division. The market also felt that tea prices are likely to be relatively subdued which would be to Lipton's advantage. All this had led to a big operator buying up shares and hence the upward movement in price. Company sources however felt that the market obviously thought that the worst was over for Lipton and was being optimistic about the current year. Notwithstanding all these observations, it is still tea that would make or mar Lipton's future performance and a good monsoon would definitely help in pushing up margins.

Garden Silk Mills

Excellent half-time performance; dividend maintained during 1989-90 despite 68 per cent fall in net profit; new company formed to implement backward integration plans

Garden Silk Mills has set up a new company, Jayshree Filaments Ltd, to put up a Rs.180-crore plant to manufacture 15,000 tonnes per annum of polyester filament yarn. Enjoying collaboration with Lurgi of West Germany, the project will be implemented in two phases. The project will serve the backward integration plans of the company as PFY is one of its major raw materials.

Garden Silk Mills			(Rs crore)
Year ended	30 June 1990	30 June 1989*	% change†
Sales and job charges	186.89	220.66	6
Other income	9.55	10.32	10
Cost of goods consumed	100.24	110.61	13
Interest	17.03	14.69	45
Depreciation	9.55	9.46	26
Net profit	1.73	6.80	−68
Equity capital	16.24	16.22	
Reserves & surplus	100.70	102.72	
Borrowings	109.11	104.84	
Net block	130.38	134.94	
Dividend (%)	24.00	30.00	
Market price (Rs):			
Current	42.50		
1990: High	68.00		
Low	35.00		

** 15 months † annualised*

Garden Silk Mills has reported encouraging results for the six-month period ended 31 December 1990. Total income rose by 15 per cent to Rs.113.39 crore against Rs.98.94 crore in the corresponding six months last year. Operating profit improved by 39 per cent and gross profit by 57 per cent, despite a 28 per cent increase in interest costs. Net profit recorded a two fold growth from Rs.1.46 crore to Rs.4.23 crore.

The improvement in half yearly performance was brought about by cutting down input costs, particularly of imported raw material. Consumption of indigenous yarn was increased without affecting quality. The company also introduced a number of high value-added varieties to improve profitability.

Earlier, for the year ended June 1990, the company maintained dividend of 24 per cent on annualised basis, against 30 per cent dividend for the 15-month period ended June 1989. The company had suffered a set-back in 1989-90 with a 68 per cent fall in net profit on account of higher interest and depreciation charges, besides a steep increase in input costs. The cost of goods consumed as a percentage of sales and job charges went up by 3.5 per cent from 50.1 per cent to 53.6 per cent. The increase is significant, considering the increasing excise burden and stiff competition.

The shareholders of the company will be offered Jayshree Filaments equity shares (at par, subject to necessary approvals) on rights basis. However, neither this offer nor the excellent half-time results have created a significant upward movement in the scrip, which is currently quoted at Rs.42.50. The steep hike in excise duty on synthetic yarn during December 1990 has affected the investor's sentiment.

Goodyear India

Tighter working capital management leads to better overall performance; turnover up 9 per cent; rise in profit margins; higher EPS but lower dividend payout on ex-bonus equity

While capacity utilisation improved marginally, better monitoring of working cap-

Goodyear India			(Rs crore)
Year ended	31 Dec 1990	31 Dec 1989	% change
Gross sales	236.85	216.87	9
Other income	2.00	8.44	−76
Raw materials cost	107.21	104.82	2
Employees cost	14.76	12.77	+16
Interest	4.21	2.75	+53
Gross profit	17.05	13.98†	+22
Depreciation	4.45	4.10	+9
Tax	5.93	7.61	−22
Net profit	6.67	2.27†	+194
Equity capital‡	4.96	7.48	
Reserves*	34.25	38.78	
Dividend (%)	25.00	40.00	
Market price (Rs):			
Current	55.00		
1990: High	110.00		
Low	56.00		

‡ Increase in equity due to a 1:1 bonus
** Exclusive of revaluation reserve*
† After excluding write-back of provision no longer required (Rs.6.04 crore) and prior year's refund of purchase tax (Rs.1.48 crore).

ital enabled Goodyear to post an improved performance overall. While the inventory holding period declined by fourteen days, in terms of debtors also the collection period stood reduced by about four days.

While *prima facie* the net profit for the year ended December 1990 as shown in the company's accounts seems to have declined, this is not really so. The reason is that the net profit as shown for the previous year was inclusive of earlier year's write-backs of provisions. Were one to exclude these provisions, profit at gross and net levels would show a healthy enough growth. In fact, other income as a percentage of operating profit (gross profit plus interest) fell from 50 per cent to about 9 per cent.

On ex-bonus equity of Rs.14.96 crore, Goodyear earned Rs.4.46 per share (Rs. 8.92 on ex-bonus equity) as against Rs. 3.03 in the previous year. Like most FERA companies, Goodyear too strives to maintain a good distribution policy as is evident from the fact that for December 1989, the payout was stretched to 131 per cent to pay a dividend of Rs.4 per share. With a better bottomline, the payout has eased to 56 per cent giving a dividend per share of Rs.2.50 for the year under review.

The auditors have qualified that the company is following deferred tax accounting in respect of certain items only. They have also noted that due to the Supreme Court recalling its 1986 judgement on disputed excise duty on post-manufacturing expenses, adjustment, if required (in respect of Rs.2.38 crore written back during 1988 from the total liability created and provided for such disputed excise duty), cannot be ascertained at this stage since it would depend on the outcome of the Supreme Court's fresh consideration.

Exports brought in barely Rs.4.52 crore and the company will have to put in far greater efforts to penetrate the export market. Goodyear is also planning to produce giant earthmover tyres that are currently imported. Such moves on Goodyear's part are most definitely imperative if it is to maintain margins and a market share in an already overcrowded market.

Moving between a low of Rs.33.75 and a high of Rs.125 in the last five years, the scrip now quotes at Rs.55 discounting earnings twelve times.

TRENDS

Dynasty Industries

Dynasty Leasing & Finance, an offshoot of the NTV group, has changed its name to Dynasty Industries Ltd (DIL) and will broadbase its activities by entering into the manufacture of coated paper. A plant set up in Surat, Gujarat with a capacity of 6,000 tpa, is the first step in this direction. Its coated paper will be used by the printing and packaging industries while chromo and art papers will be required for commercial advertising and greeting cards.

Dynasty Industries			(Rs crore)
Period	Apr '90 Sep '90	Apr '89 Sep '89	Apr '89 Mar '90
Income from leases	0.30	0.26	0.53
Other income	0.16	0.12	0.28
Interest	0.10	0.10	0.22
Gross profit	0.33	0.24	0.50
Depreciation	0.16	0.12	0.29
Net profit	0.14	0.10	0.17

In the first phase, the company will invest Rs.3.5 crore in the plant, the funds partly mobilised by a rights issue.

Dynasty has involved in the business of leasing, hire purchase, financing consumer durables, bill discounting etc, since 1986. Its current diversification plan stems out from the fact that the NT group has the required expertise of mar ufacturing specialised paper. Trial ru of the DIL's paper units is slated for Jul 1991.

Corn Products

Corn Products Company (India) Lt (CPC) (an Indian subsidiary of CPC In ternational, USA sells its food product under well-known brand names such a 'Glucovita', 'Rex' and 'Brown and Polson

Last year, it launched 'Rex More Please jams — a range of premium jams with real fruit pieces. CPC claims that these jams meet international quality stan dards and its 'Rex' range of flavours has captured 15 per cent market share of the Rs.40 crore Indian jam market.

CPC International, with an annual turnover of around $5.8 billion, is one of the largest food companies in the world, owning popular multinational brands like Mazola, Marmite, Skippy etc. CPC's management has gone on record stating

Corn Products			(Rs crore)
Period	Apr '90 Sep '90	Apr '89 Sep '89	Apr '89 Mar '90
Net sales	10.16	8.89	18.61
Other income	0.04	0.06	0.18
Raw materials' cost	5.06	4.28	10.13
Salaries and wages	0.80	0.70	1.50
Interest	0.64	0.52	1.06
Gross profit	0.39	0.65	0.44
Depreciation	0.08	0.08	0.15
Tax	0.18	0.24	0.04
Net profit	0.14	0.34	0.25
RM/sales (%)	49.8	48.1	54.4

that the company hopes to double turnover every three years. However this 59-year-old company notched up sales of a mere Rs.18.61 crore for the year ended March 1990.

For the half year ended September 1990, sales recorded were Rs.10.16 crore, a 14.29 per cent growth over the corresponding period of the previous year. However, the gross profit and net profit figures have gone down by 40 per cent and 89 per cent, respectively.

Though the bottomline is not improving, the company is making a rights issue of 14 per cent partly convertible debentures of Rs.250 each, aggregating Rs.1.12 crore. Six months from the date of allotment, Rs.180 of every debenture will be

onverted into 10 equity shares of Rs.10 ach, at a premium of Rs.8 per share. The alance Rs.70 will be redeemed at par in wo instalments during the eighth and inth year from the date of allotment.

The rights issue is being made to fi- ance additional working capital require- ents. CPC International will invest in he current issue and maintain its stake n CPC India's equity at 40 per cent. At resent, CPC India's equity capital stands t Rs.75 lakh and its market price is round Rs.56. The company's share price as hovered around this level for some- ime, notwithstanding its performance ecause it has always been a potential akeover target.

Choksi Tube

hoksi Tube Company Ltd (CTCL), hich set up a continuous tube mill to ake stainless steel welded tubes in 972, is at present one of the largest man- facturers of stainless steel tubes in dia. It also has facilities to manufacture apillary tubes and, in 1989, set up a lant to produce hot extruded seamless ainless steel pipes. Its steel tubes are vailable in a wide range from 0.4 mm to

Choksi Tube			(Rs crore)
Period	Jan '90 Jun '90	Jan '89 Jun '89	Jan '89 Dec '89
Net sales	11.99	5.98	15.16
Other income	0.46	0.15	0.22
Raw materials' cost	9.21	4.63	12.41
Salaries	0.58	0.33	0.94
Interest	2.14	0.55	2.36
Gross profit	1.31	0.84	1.79
Depreciation	0.79	0.15	0.94
Tax			0.08
Net profit	0.52	0.69	0.77
PBDM sales (%)	76.8	77.4	81.8

00 mm diameter.

In a bid to improve quality, increase oductivity and reduce costs, CTCL is panding its cold finishing facilities at plants in Vatna and Rajpur, in Gujarat. cording to the management, tubes anufactured using the cold finishing fa- ities have a higher value addition and e preferred by end-user industries. This w project, also aims at boosting the oducts' export potential. To date, the mpany has exported tubes worth Rs.1 re to the US.

The total cost of cold finishing facilities is estimated at Rs.5 crore. The company is also repaying a foreign exchange currency loan taken from IFCI, to shelter the company from any increase in the DM currency rate vis-a-vis the rupee. Hence a rights issue of 14 per cent partly convertible debentures of Rs.100 each, aggregating Rs.11.19 crore. After the conversion, the equity capital will rise to Rs.6.5 crore.

For the six months ended June 1990, CTCL's sales, at Rs.11.99 crore, shows a 100 per cent increase over the sales of the corresponding period of the previous. (CTCL is changing its accounting year and, as such, will draw up accounts for the 15 months ended March 1991.) Raw materials cost have also doubled for the half year ended June 1990. The raw material to sales ratio hovers around 77 per cent.

During 1990, interest and depreciation had jumped by 289 per cent and 427 per cent respectively, as reflected in the net profit figure which shows a down trend of 24.6 per cent. Net profit as a percentage of sales has also declined from 11.5 per cent to 4.34 per cent for the half year ended June 1990. It was 5 per cent for the year ended December 1990. Though gross profit has gone up in actual figures, as a percentage of sales, it too has declined from 14 per cent to 10.9 per cent. The company's share price which touched a high of Rs.95 in 1990 has declined to Rs.43 (April 1991).

RESULTS ANNOUNCED

Century Textiles & Industries

Impressive performance for the year ended March 1991 on all fronts

Cement, bringing in the lion's share of product sales, has decisively swung fortunes again for this B.K. Birla flagship company. This is not to say, of course, that textiles, rayon yarn, shipping, etc, have lagged far behind. Overall, turnover on an annualised basis is up 17 per cent to Rs.841.59 crore. Gross profit margin, has risen by 4 points to 20 per cent while, at the net level, EPS is Rs.306.27 (Rs.194.77 — annualised). Dividend per share is Rs.50 (Rs.40 — annualised) at a lower payout of 16 per cent (21 per cent). The scrip quotes at Rs.4,985 (3 May 91), higher than its 1990 peak, discounting these earnings 16 times. A bonus from Century is also on the cards.

Birla Jute & Industries

Jute performance very poor; cement again raking in profits and pushing up margins

For the year ended March 1991, gross profit margin was up nearly 7 points to 12.3 per cent on a turnover of Rs.532.29 crore (Rs.467.84 crore). On an equity base of Rs.20.37 crore, EPS went from Rs.2.14 to nearly double the face value at Rs.19.23. Payout eased from 84 to 15.6 per cent on a dividend per share of Rs.3 (Rs.1.80). The scrip at its 1990 high of Rs.230 discounts these earnings 12 times.

Century Enka

Excise duty hikes on PFY/NFY take their toll on gross profit margin; bottomline also hit by steep hikes in provisions for depreciation and tax

For the year ended March 1991, the gross profit margin dipped by 5 points to 17 per cent as sales of Rs.500.72 crore (Rs.491.08 crore — 15 months) yields a gross profit of Rs.85.71 crore (Rs.108.63 crore — 15 months). With provisions for depreciation and tax spiralling by 92 and 91 per cent, respectively, on an annualised basis, the bottomline stood reduced by 56 per cent at Rs.24.24 crore (Rs.68.59 crore). Dividend distribution at 49 per cent (50 per cent — annualised) comprises 25 per cent interim on cum-bonus equity and 24 per cent final on ex-bonus equity of Rs.23.26 crore. Payout was hiked from 15 to 40 per cent. The scrip currently quotes at Rs.2,500.

Mangalam Cement

Turnover up 35 per cent; profitability gets a boost; higher dividend at a lower payout

Expansion of the company's cement manufacturing capacity from 400,000 tonnes to 1 million tpa is underway and is scheduled to be completed by the first quarter

THE INSTITUTE OF CHARTERED FINANCIAL ANALYSTS OF INDIA

(In collaboration with The Institute of Chartered Financial Analysts, Virginia, USA)

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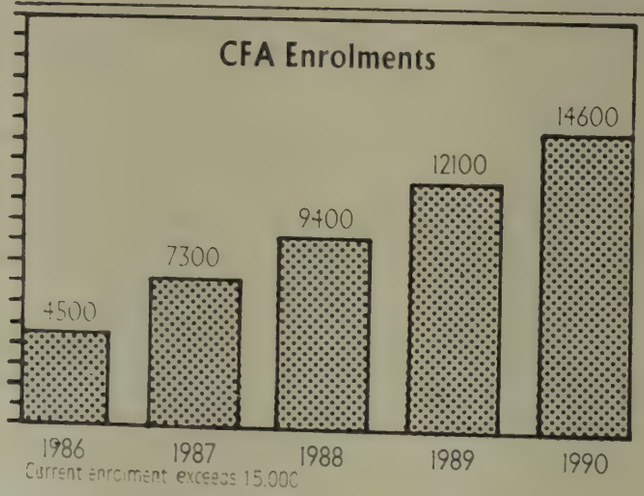
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of 1993. For the year ended March 1991, sales of this B.K. Birla company stood at Rs.54.02 crore (Rs.40.10 crore), yielding a gross profit margin of 19.8 per cent (13.2 per cent). EPS has risen to Rs.5.75 (Rs.2.71), while dividend per share has been hiked to Rs.2.40 (Rs.1.80) at a lower payout of 42 per cent (66 per cent). The scrip quotes at Rs.80, discounting these earnings nearly 14 times.

Jayshree Tea & Industries

Turnover up 8 per cent; cash earnings reduced; bottomline is better; 5 point hike in dividend

For the year ended March 1991, this B.K. Birla group company has earned a lower gross profit margin of 22 per cent (26 per cent) on a turnover of Rs.131.64 crore (Rs.122.43 crore). But with reduced cash earnings at the net level, EPS has risen to Rs.22.28 (Rs.14.31), of which Rs.3.25 (Rs.2.75) will be paid out as dividend per share. The market price at Rs.180, discounts earnings eight times. Incidentally, 92 per cent of Jayshree's equity comprises bonus shares. The last bonus of 1:2 was issued in 1985.

Universal Cables

Turnover up 14 per cent; pressure on profit margins with a fall in EPS

For the year ended March 1991, the turnover of this manufacturer of electrical cables, wires and conductors, stood at Rs.147.04 crore (Rs.129.33 crore), yielding a lower gross profit of Rs.9.51 crore (Rs.10.27 crore). With a 40 per cent decline in net profit, EPS dived to Rs.6.33 (Rs.10.47) while dividend per share was maintained at Rs.2.20. With the market price at Rs.90, the P/E ratio is 14.

Ficom Organics

Lower sales and profitability for year ended March 1991; higher input costs; dividend maintained

Manufacturers of Malathion technical, octoxyl phenol and nonyl phenol, Ficom's performance has been hit by higher cost of imported inputs and higher margin requirements for the same. The turnover dropped 20 per cent to Rs.18.04 crore, yielding a gross profit of Rs.2.87 crore (Rs.3.61 crore). On an equity base of Rs.1.29 crore, the company earned Rs.13.33 per share (Rs.16.67) and will maintain dividend at Rs.4.50 per share. The scrip quotes at Rs.132.50, discounting earnings 10 times.

Pudumjee Pulp & Paper Mills

Slight rise in turnover; pressure on margins at the net level; EPS declines; dividend stepped up by 3 points; book value continues still bloated due to conservative payout history

In the year ended March 1991, this manufacturer of value added speciality paper has seen its turnover rise by 70 per cent to Rs.62.92 crore, yielding a gross profit margin of 18.3 per cent (17.8 per cent). With higher provisions for depreciation and tax, EPS dipped to Rs.15.91 (Rs.20.36) while dividend of Rs.1.80 per share will merit a payout of 11 per cent (7 per cent) — a bit higher, no doubt, but still conservative enough to ensure a bloated book value of Rs.81.92. The last bonus was a 1:5 issue in 1982. But does that explain a discount of eight times with the market price hovering at Rs.127.50?

IN BRIEF

Sree Kailas Sugars and Chemicals of the AP-based S.R. Kailas group, is setting up a 2,500 tcd plant at Khammam. This together with an alcohol and a chemicals unit will form an integrated industrial complex.

DCW has decided to pay an interim dividend of 12 per cent for the year ended March 1991. Meanwhile, its subsidiary, DCW Home Products, has launched a new refined salt under the brand name Captain Cook. The Rs.12.50 crore salt plant, with a capacity of 100,000 tpa, has been set up at Palghar.

Polymechplast Machines, a Baroda-based company, is expanding to manufacture high capacity injection moulding machines. The total capital cost is Rs.9.5 crore.

Do-Max Steel is setting up a 30,000 tpa steel plant at a cost of Rs.5.95 crore.

Ceat Financial Services, belonging to RPG Enterprises, plans to enter merchant banking and portfolio management services.

Indtradeco is setting up a 100 per cent export-oriented unit for making terry towels at Palghar. The unit will make 1.5 million pieces every year.

Indo Rama Synthetics, an O.P. Lohia company, has come out with a Rs.20.91 crore rights issue of partly convertible debentures. The proceeds will part-finance a new Rs.34.13 crore 100 per cent export-oriented unit to make cotton and polyester-cotton yarn.

Sundaram Polymers, promoted by the TVS group, is venturing into engineering plastics. The 3,600 tpa capacity plant will be located near Mysore.

Western Indian Enterprises Ltd, of Pune, has bagged a Rs.75 million contract in Abu Dhabi for engineering, installing and commissioning the telecom systems for four oilwell platforms.

Tata Consultancy Services has got a Rs.1.70 crore order to supply Unigraphics II CAD/CAM software to the Rail Coach Factory at Kapurthala.

E.I.D. Parry is acquiring 41.75 per cent of the shareholding of Falcon Gulf Ceramics, a company promoted by the Channel Islands-based Falcon Gulf Holdings.

Kirloskar Cummins is setting up a Rs.100 crore export-oriented unit in technical-cum-financial collaboration with the Hungary-based Railway Carriage and Machine Works. The unit will make 10,000 commercial vehicles with capacities ranging between 1.5 and 25 tonnes.

Gujarat Communications and Electronics has signed an MoU with the Computer Maintenance Corporation to jointly provide integrated voice and data networks as well as other associated services.

Hindustan Teleprinters, a public sector company, has received the green signal to make fax machines.

Hero Honda has achieved a record production of 120,000 motorcycles in its year ended March 1991. Hero Honda is the first 100 cc motorcycle manufacturer to notch up these production figures. This year the target is 140,000 motorcycles.

Dalmia Cements is setting up a Rs.34 crore sugar factory in UP. Its capacity will be 40,000 tpa.

Mahindra Nissan Allwyn's new light commercial vehicle, the Cabstar 690, priced at Rs.2.5 lakh, has made its debut in the market.

Asian Coffee

Asian Coffee Ltd (ACL) is re-entering the capital market, to finance its plan to more than double its capacity from 1,500 to 3,500 tpa.

The company made its debut before the investing public in July 1989, when its issue was over-subscribed 27 times. It has just completed its maiden year of operation. For the eleven months ended February 1991, ACL has notched a gross sales of Rs.8.72 crore and made a cash profit of Rs.28 lakh. However, at net level, the company has posted a loss of Rs.54 lakh.

Being a 100 per cent export-oriented unit, ACL is exempted from tax. The company has performed well, considering the depressed international coffee market which forced it to sell at an average price of $3 a kg against last year's average of $6. "The price fell because there were no fresh international coffee agreements (ICAs) signed last year," says Challa Rajendra Prasad, managing director, ACL. ICAs are agreements that fix the quota and price for coffee. They are signed by the consuming and producing countries and decided on the basis of the demand and supply position in the international market.

Till February 1991, the company manufactured 1,200 tonnes of coffee, of which 800 tonnes found its way to the European Economic Community (EEC), the US and Canada while the balance went to the USSR. The other exporter of soluble coffee from India is the coffee board. But they only supply to the USSR, under a protocol signed by the Government of India.

Asian Coffee	
Duration	: 27 April to 27 May 1991
Size of issue	: Rs.5.92 crore
Instrument	: Equity shares of Rs.10 each at par in the ratio of 1:1
Purpose	: to increase capacity to 3,500 tpa
Listed at	: Hyderabad, Bombay and Ahmedabad

ACL's raw material is green coffee beans procured from the coffee board which is the sole procuring and selling agency. The company's plant is equipped to use both Arabica and Robusta coffee beans, available in India. The company, at present, buys coffee at export auctions and pays a price higher than that quoted at domestic auctions. So it has to compete with traders who operate on wafer-thin margins as against ACL's value addition as a manufacturer. This makes ACL less competitive, as its procurement price gets affected. Meanwhile, a recent commerce ministry directive to the coffee board, to give firm allotment to ACL, has also been rejected by the board.

After the rights issue, the company's equity base will double from Rs.4.85 crore to Rs.10.87 crore. Nevertheless, Prasad is certain that ACL will cross the Rs.20 crore turnover mark for the year ended March 1991 by which time the expansion will be completed. With the present amendment to cash compensatory support (CCS) to EOUs, ACL would stand to gain. CCS has been hiked by 100 per cent, from 9 per cent on sales to 18 per cent. However, the dividend possibility appears bleak at least till 1992-93, a full year after the expansion.

Currently the company is exporting in bulk. However, its long-term plan is to launch its own brand. "Right now, our capacity is too small, the US alone consumes 100,000 tpa," explains Prasad.

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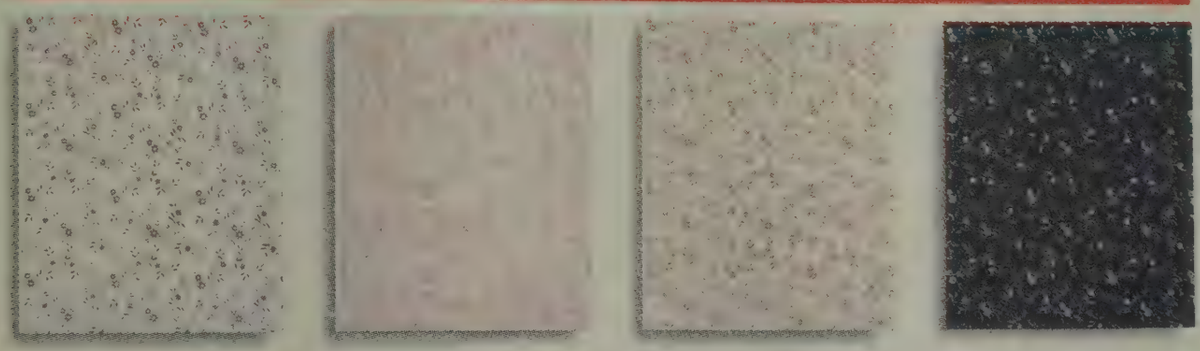
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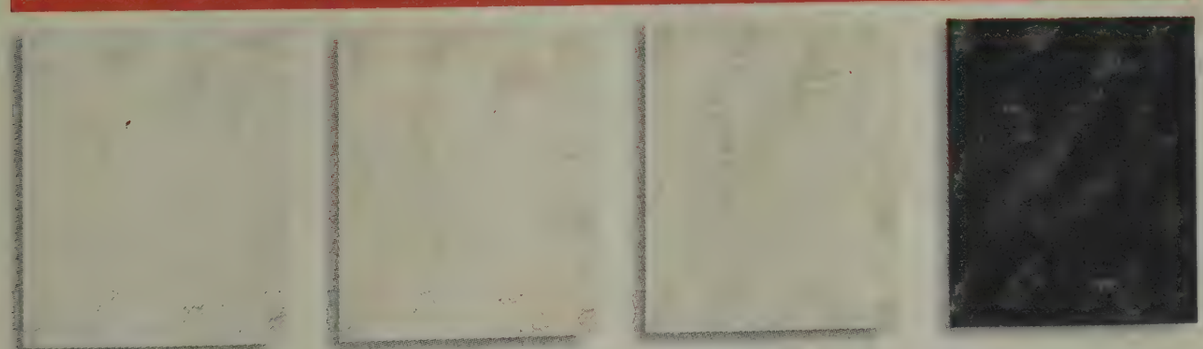
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STOCKMARKET REVIEW

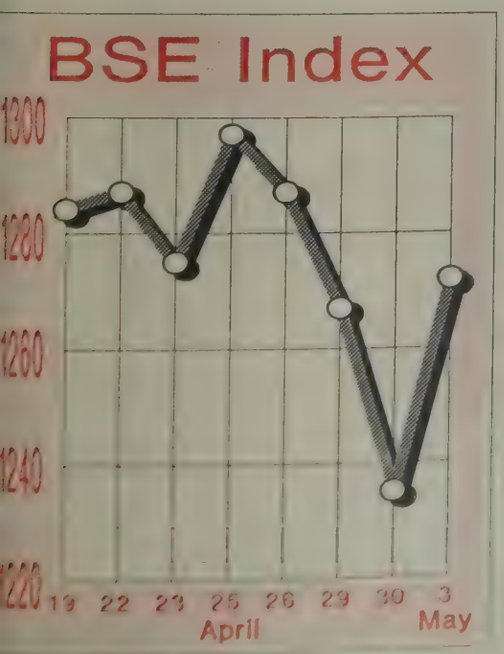
Waiting for the elections

(For the period 22nd April to 4th May 1991)

	4/5	22/4	per cent change over fortnight	year
BSE Sensitive Index	1272.09	1283.94	−1.0	+58.0
BSE National Index	634.01	640.58	−1.1	+46.1
Vol (Rs.cr) fortnt.ended	142.28	138.66	+2.6	+17.6

Stockmarkets steadied over the fortnight on active volume. The BSE Sensitive Index stayed within the 1200 to 1300 range that has marked it for the past month. This reflected the influence of the upcoming elections on investors. A decisive victory for the Congress versus a hung parliament are the two options that marketmen consider most likely and current price levels reflect a genuine uncertainty about this. Hence, the announcement of the election results is likely to be followed by big price changes. It is widely expected that a decisive Congress victory (anything more than 250 Lok Sabha seats) would lead to a quick 200 point jump in the sensitive index, while a hung parliament would lead to a 100 point fall (although institutional support is likely to slow the rate of the fall).

Politics first. Since political news mattered the most over the fortnight, the broad trend of the market was unaffected by other news. This was particularly true of dramatic events in money markets. These included a sharp rise in call money rates which crossed 50 per cent per annum at one stage and a sharp 50 per cent rise in import margins announced by the Reserve Bank (RBI) at the start of the fortnight. Similarly, the steep increase in cash reserve ratios from 15 per cent to 25 per cent, which was announced by the RBI at the end of the fortnight, left the market unaffected in kerb. Other news that surprisingly left the market cold was the relatively high *badla* rate of 2 per cent per month in Bombay on 26 April. However, the market reacted positively on 3 May to a lower than average *badla* rate of 0.75 per cent per month in Calcutta, indicating its bullish undertone.



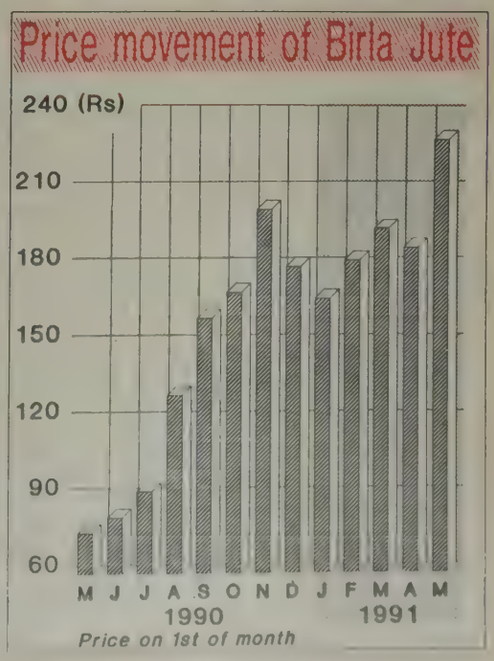
An event that affected markets adversely, however, was the public announcement by Fairgrowth's Harshad Mehta that he had not been involved in any speculative purchases of ACC over the past two months. This, along with rumours that an important client of Mehta, was selling his speculative holdings in advance of the elections, caused sharp declines in ACC (-6.4 per cent), Tata Tea (-9.1 per cent) and Excel (-5 per cent). However, institutional purchases, especially in Tata Steel (which rose by 2.9 per cent) made up the slack.

The volume of trade in ACC was particularly heavy. In the last four trading days of April, namely 25 to 30 April, 5 lakh shares of ACC changed hands in Bombay, accounting for almost 20 per cent of total trading volume.

Within the broadly steady trend, the most significant price movement was of Reliance Industries which fell sharply by Rs.13 (-9 per cent) to Rs.130 over the fortnight. The reason is that its mega-issue to finance the gas cracker project is now almost certainly off. This is because the Supreme Court, which recently legalised the mega-issue of Larsen & Toubro of 1989, has instructed Larsen & Toubro to use the funds for the purpose stated in the issue application, namely the provision of suppliers' credit to Reliance for its gas-cracker project. With the proposed issue now off, the Reliance scrip has lost its lustre, especially with poor expected performance for 1990-91.



Expected pattern. The flow of corporate results shows the expected pattern of a stagnant second half of the financial year. This is seen in the results of Hindustan Motor which made a loss of Rs.70 lakh (versus a profit of Rs.2 crore last year) and Century Enka whose net profit halved to Rs.24.2 crore. However, expectations of a satisfactory corporate performance in 1991 are widespread, especially for steel, cement and paper. Among the companies that have declared excellent results are cement companies, including two in the B.K. Birla group, namely



Kesoram and Mangalam Cement. So also Birla Jute of the M.P. Birla group. The net profit of the last named jumped from Rs.4.6 crore to Rs.39.2 crore. This increase is, incidentally, in line with *Business India*'s (14 April) forecast of a Rs.40-crore net profit. Birla Jute's share price has also risen sharply over the past year (*see chart*). Current indications are for a generally strong 1991 for cement companies, which should also help Birla Jute.

Lipton's annual general meeting on 1 May had been awaited by speculators who were expecting good news regarding the company's performance, especially its edible oil business. However, the company was only cautiously optimistic noting that it would be reviewing its troubled Tree Top business later this year. Speculators who had taken the scrip to Rs.114 on 25 April sold off taking the price to Rs.100 by the end of the fortnight.

The market closed the fortnight with a strong undertone as seen by strong volume. The Rs.700 crore collected through equity-linked savings schemes is also likely to add fuel to prices once election uncertainties are over. The most important determinant after the elections will be, of course, the monsoons. Unlike past years when monsoon uncertainty would affect markets by early May, the market is unwilling to react to this unknown until the more immediate one of elections is over. By mid-June, therefore, the market could be looking at three uncertainties: a stable government and a good monsoon (the best situation, with the index around 1600), an unstable coalition and a good monsoon or a stable government and a bad monsoon (with the index between 1100 and 1300, depending on the situation) and an unstable coalition and a bad monsoon (the worst case, taking the index below 1000).

■ RAFIQ DOSSANI

HCL

Is it a good buy ?

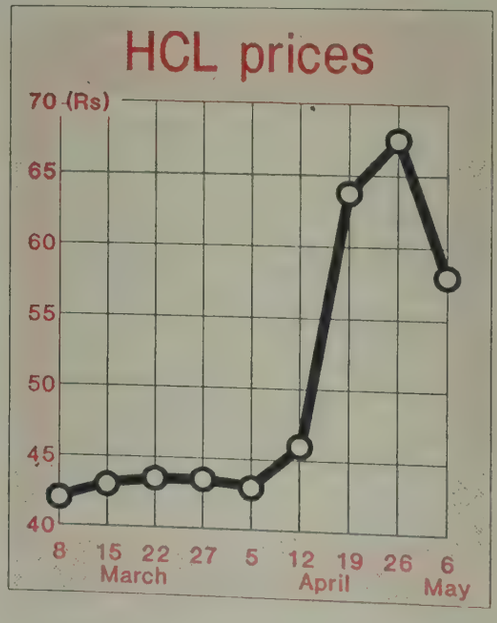
Name	Equity	Reserves	EPS 1989-90	EPS 6MO 9/90	Price 6/5/91
HCL	14.84	29.35	4.1	−3.6	58.00

Since the announcement of the American firm Hewlett Packard's (HP) tie-up with Hindustan Computers Ltd (HCL) on 12 April (see *Business India*, 29 April), the HCL share has been actively traded. According to brokers, most investors have been buying on the lustre of the HP name. Unfortunately, those investors who bought on the announcement at around Rs.65 per share have lost money as the current price is Rs.60 (as on 3 May). Is it a good investment at this price?

HCL will be split into two companies, one for the computer business — HCL-HP — (in which HP will have a 26 per cent stake) and the other (call it HCL-other) to look after the rest of the business (copiers, reprographics, etc). The management has valued the computer division at roughly two-thirds of the total business. Thus, of the current Rs.14.84 crore capital, about two-thirds or Rs.10 crore will be allocated to HCL-HP while Rs.4.8 crore will go to the non-computer firm.

Minus the "HP effect". A realistic valuation of the non-computer line should consider not the current price of the share but what it was before news of the HP involvement was factored into the share price. On a very conservative basis, the 1990-91 low of Rs.24 could be taken as the value of the firm without the "HP effect".

An investor who holds, say, 100 shares



of HCL (currently valued at Rs.60 per share) will receive 32 shares of HCL-other and 68 shares of HCL-HP. She can, based on the above argument, expect that the 32 shares of HCL-other she will receive as a result of the split will be worth at least Rs.24 per share for a market value of Rs.768. These shares will be entitled to 96 rights shares at Rs.10 each but the benefits of these are, conservatively, omitted from the calculations.

The main advantage comes from the access to rights shares in HCL-HP. The investor's holding of 68 shares of HCL-HP will entitle the investor to a rights issue of 2.8 times that holding, or 190 shares at Rs.10 per share. Hence, the ex-rights cost per share of the investor's holding of 258 shares of HCL-HP will be Rs.27.60 (Rs.6,000 for the initial investment plus Rs.1,900 for the rights in HCL-HP (less Rs.768 for the value of HCL-other).

The key question, therefore, is whether the market is likely to value HCL-HP ex-rights at Rs.27.60 per share or more. "It is not likely to be less than Rs.45 with the HP name", says an investor who is a long-time HCL watcher. "In any case," he adds, "at a price of just Rs.3.60 per share more than HCL-other, it is unlikely to prove a bad investment."

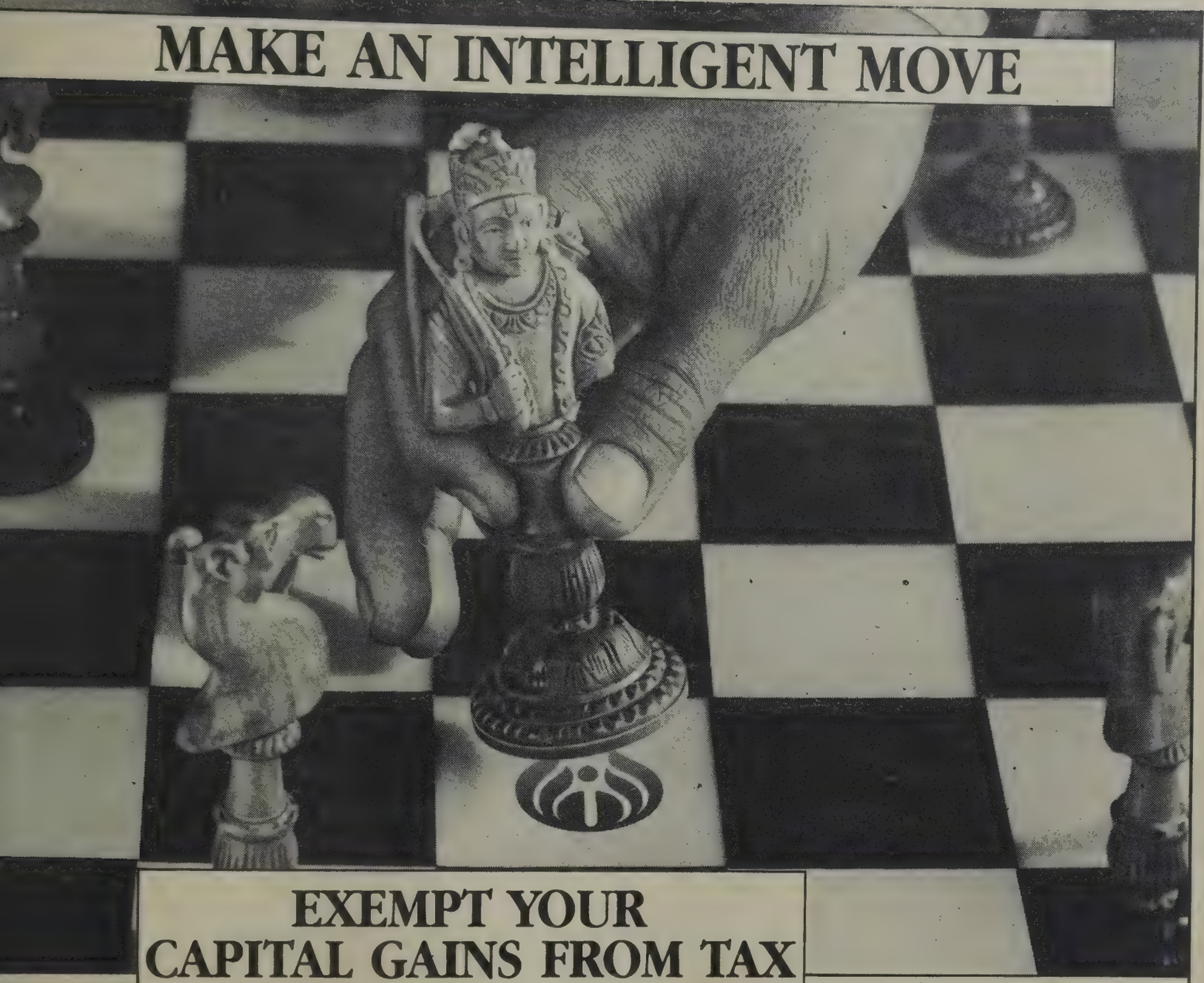
At Rs.45 ex-rights, the investor is in for a substantial gain of Rs.17.40 per share or a total profit of Rs.4,490 on an investment of Rs.6,000.

Tarnished image. What are the risks? The main one is HCL's image which has slipped with the decline in its earning power last year. Although turnover jumped 33 per cent to Rs.229.96 crore for the financial year ended June 1990, profit margins were lower and net profit was sharply down to Rs.6.63 crore versus Rs.9.76 crore in 1988-89. For the half year to September 1990, the company made a loss of Rs.5.3 crore on sales of Rs.82.9 crore. Inspite of this, the scrip hovered in the mid-40's through April for a price-earnings multiple of about 10, close to the industry's average. The price jumped sharply, though, after the merger was announced (*see chart*).

Behind the earnings' decline are the archaic laws that the Department of Electronics imposes on an industry (for example, massive export commitments as high as 350 per cent on import values prior to import) whose main feature is rapid product obsolescence. Competition from smuggled goods will also be increasingly difficult to handle as the company moves increasingly towards more expensive lines of products. Add in India's balance of payments problems, and, for many investors, any investment in computer shares has a high inherent degree of risk.

■ KALIKA DALVIE

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A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	4.25	11.00	4.00	-4.8			11.0	26.8		
ABB,10	12/90	9.86	14.11	24.31	140.00	165.00	78.50	8.6	3.5	16.3	27.0	1.9		
ACC,100	03/90	55.95	90.00	260.86	2360.00	2520.00	454.00	31.7	95.1	74.4	15.0	0.6	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	520.00	650.00	275.00	36.8	14.0	14.1	16.0	3.1	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	195.00	225.00	115.00	10.9	4.1	17.9	25.0	1.3	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	51.00	65.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	10.00	22.00	10.00	0.3		33.3			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	86.00	135.00	73.00	11.3	5.0	7.6	25.0	2.9		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	13.00	25.00	9.00	-15.4				11.8	87	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	940.00	1650.00	400.00	185.8	108.4	5.1	20.0	2.1	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	44.00	250.00	38.00	2.2		20.0	10.0	2.3	87	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	15.25	30.00	12.00	2.6	1.2	5.9	15.0	9.8		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	69.50	92.50	41.50	18.3		3.8	25.0	3.6		
APPLE IND.,10	03/90	5.19	0.81	11.56	35.00	86.25	33.50	8.6		4.1	35.0	10.0		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	150.00	251.25	77.00	5.8	4.3	25.9	31.5	2.1	78	1:2
ASIAN CABLES,10	03/90	5.59	7.32	23.09	32.00	48.00	29.00	5.6	2.4	5.7	14.0	4.4	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	86.25	102.50	61.00	7.4	3.0	9.0	25.0	3.8		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	230.00	285.50	220.00	15.3	6.2	15.0	45.0	2.0	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	136.25	180.00	112.50	9.2	5.1	14.8	55.0	4.0	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	240.00	365.00	200.00	29.7	14.5	8.1	50.0	2.1		
ASTRA IDL,10	03/90	2.50	2.97	21.88	62.50	75.00	40.00	5.3	2.5	11.8	20.0	3.2		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	83.00	87.00	36.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	160.00	180.00	70.00	7.2	2.4	22.2	15.0	0.9	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	142.00	195.00	108.00	7.3		19.5	35.0	2.5	84	2:5
BAJAJ AUTO,10	03/90	18.81	261.22	148.87	661.25	725.00	420.00	34.6	21.6	19.1	110.0	1.7	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	80.00	83.75	32.00	0.7	3.6	114.3			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	240.00	280.00	120.00	11.5	9.1	20.9	20.0	0.8	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	58.00	62.50	33.75	3.0	1.8	19.3	18.0	3.1	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	302.50	310.00	155.00	19.9	14.2	15.2	28.0	0.9	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	546.25	1167.25	230.00	132.5	11.4	4.1	25.0	4.6	90	1:2
BASF,10	03/90	4.26	16.88	49.82	130.00	160.08	100.00	12.7	6.9	10.2	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	81.00	105.00	64.00	5.4		15.0	15.0	1.9	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	79.00	84.00	38.00	5.5		14.4	15.0	1.9		
BAYER INDIA,100	03/90	16.22	17.65	208.82	850.00	1075.00	600.00	32.8	24.4	25.9	20.0	2.4	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	52.50	77.50	32.50	1.9	-0.3	27.6	10.0	1.9	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	167.50	167.50	75.00	4.3	6.2	39.0	32.5	1.9		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	230.00	265.00	97.50	4.1	5.9	56.1	30.0	1.3	86	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	40.00	62.00	32.50	2.7	0.1	14.8		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	18.00	51.50	18.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	147.50	150.00	75.00	7.5	5.0	19.7	27.5	1.9	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	46.00	80.00	37.50	3.3	4.6	13.9	50.0	10.9	90	1:2
BIRLA JUTE,10	03/90	20.37	84.17	51.32	230.00	230.00	79.00	2.3	7.7	100.0	18.0	0.8	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	14.00	26.00	8.00	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	117.50	135.00	50.00	1.6	5.3	73.4	15.0	1.3	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	65.00	120.00	41.25	13.3	1.5	4.9	20.0	3.1	90	1:1
BOM BURMAH,100	03/90	5.52	19.47	452.72	1150.00	1250.00	730.00	86.2	38.9	13.0	30.0	2.6	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	221.25	240.00	104.50	9.8	7.7	22.6	40.0	1.8	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	67.00	140.00	41.00	18.2	12.0	3.7	20.0	3.0	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	135.00	140.00	92.50	5.6	3.9	24.1	30.0	2.2	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	60.00	68.00	52.50	5.9		10.2	25.0	4.2	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	142.50	162.50	105.00	5.3	2.8	26.9	24.0	1.7	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	140.00	167.50	114.00	5.9		23.7	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	86.25	110.00	67.50	3.0	2.3	28.8	15.0	1.7	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	44.00	87.00	36.25	7.9	2.9	5.6	20.0	4.5		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	525.00	575.00	280.00	5.0	-5.6	105.0	15.0	2.9	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	99.00	117.50	65.00	11.0	3.4	9.0	28.0	2.8		
CADBURY,10	03/90	8.40	14.40	27.14	157.50	185.00	140.00	6.3	2.3	25.0	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	42.00	95.00	40.00	2.3		18.3			77	1:7
CARRIER AIRCON,10	03/90	17.42	-0.50	7.99	15.00	31.00	9.00	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	270.00	282.50	143.41	6.1	8.5	44.3	27.0	1.0	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	88.75	125.00	70.00	15.2	6.3	5.8	30.0	3.4	86	1:2
CEMINDIA,10	03/90	1.26	8.57	76.95	107.00	120.00	75.00	7.0	2.8	15.3	30.0	2.8	84	3:5
CENTURY ENKA,100	03/90	23.25	219.57	1044.39	2500.00	3964.29	2321.43	140.5	65.0	17.8	62.5	2.5	90	2:5
CENTURY SPIN,100	03/90	26.62	248.83	1034.75	4965.00	5000.00	3270.00	203.0	120.1	24.6	50.0	1.0	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	17.00	34.00	13.50	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	107.50	120.00	88.00	6.7	2.6	16.0	31.5	2.9	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	12.00	19.00	10.00	1.8	1.2	6.7	18.0	15.0		
CITURGIA,10	03/90	3.38	8.34	34.67	102.00	140.00	85.00	8.8	2.9	11.6	35.0	3.4		
COLGATE,10	12/89	31.44	25.32	18.05	317.50	340.00	212.50	8.0		39.7	42.5	1.3	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	980.00	1000.00	605.00	30.0	3.0	32.0	22.0	2.3	80	2:5
COMET STEEL,10	03/90	9.65	4.49	14.65	16.00	31.00	15.50	4.1		3.9	17.0	10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	77.00	80.00	35.00	4.3	1.5	17.9	20.0	2.6	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	19.00	45.00	18.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1325.00	1650.00	662.50	80.9	33.6	16.4	18.0	1.4	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	130.00	142.50	81.25	7.8	4.6	16.7	25.0	1.9		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 3.5.91	52 weeks High	52 weeks Low	EPS in Re Year	EPS in Re Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.98	1.36	45.00	58.75	25.50	4.3	3.2	10.5				
DCM,10	03/89	23.02	37.80	26.42	275.00	275.00	47.00	2.6	-2.2	105.8			71	4:5
DEEPAK FERT,10	03/90	36.68	11.32	13.09	29.00	42.00	24.00	3.2	4.1	9.1	18.0	6.2		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	82.00	140.00	82.00	14.3	8.6	5.7	30.0	3.7	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	43.75	70.00	38.69	10.0	5.1	4.4	25.0	5.7	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	102.50	110.00	48.00	3.1	1.6	33.1	25.0	2.4		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	235.00	265.00	57.20	368.5	82.6	0.6	40.0	17.0	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	54.00	85.00	50.00	2.3	2.0	23.5	30.0	5.6	76	1:3
E. MERCK,10	12/90	5.94	7.40	22.46	92.00	95.00	26.00	3.3		27.9	20.0	2.2	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	40.00	62.50	40.00	4.5	0.5	8.9	22.0	5.5	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	45.00	51.25	22.00	3.5	3.4	12.9		10.0		
EID PARRY,10	03/90	6.28	31.42	60.03	97.50	104.00	75.00	8.1	5.5	12.0	25.0	2.6		
ELECON ENG,10	03/90	5.65	27.25	58.23	51.00	82.50	47.50	1.8		28.3	12.0	2.4	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	18.25	32.50	13.50	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	67.00	84.00	34.50	3.3		20.3	25.0	3.7	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	164.00	185.00	89.00	6.6	4.7	24.8	30.0	1.8	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	176.25	191.25	113.75	10.4	6.5	16.9	30.0	1.7	86	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	34.00	47.00	20.00	2.9	4.6	11.7	30.0	8.8		
EXCEL,10	03/90	4.62	18.89	50.89	337.50	390.00	181.00	20.0	16.2	16.9	50.0	1.5	84	4:5
FAG PRECISION,10	03/90	3.36	8.71	35.92	90.00	140.00	63.75	13.8	8.7	6.5	18.0	2.0		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	40.00	82.50	37.50	15.9		2.5	25.0	62.5	80	1:2
FGP,10	03/90	4.89	7.34	25.01	60.50	75.00	52.00	5.3	2.2	11.4	22.0	3.6	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	132.50	240.00	120.00	16.7	9.3	7.9	45.0	3.4	87	1:1
FINOLEX,10	03/90	3.24	38.28	128.15	220.00	375.00	170.00	26.1	15.6	7.8	50.0	2.3	86	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	38.00	55.00	24.00	4.8		7.9	26.0	6.8	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	76.25	85.00	50.00	4.3	0.9	17.7	20.0	2.6	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	70.00	85.00	49.50	5.0	1.8	14.0	20.0	2.9	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	240.00	265.00	130.00	14.4		16.7	22.0	0.9	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	38.75	49.00	27.00	6.7	3.0	5.8	20.0	5.2	90	1:5
G.K.W.,10	03/90	24.06	41.04	27.06	38.50	70.00	27.50	6.0	0.5	6.4	15.0	3.9	83	1:3
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	82.50	96.00	29.00	7.2	7.2	11.5	35.0	4.2	72	1:4
GABRIEL,10	03/90	2.64	5.63	31.33	48.00	77.50	45.00	6.6		7.3	18.0	3.8	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	115.00	135.00	62.50	2.8	4.2	41.1	25.0	2.2	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	45.00	62.50	35.00	3.6	2.6	12.5	30.0	6.7		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	36.00	67.00	32.00	3.6	2.0	10.0	15.0	4.2	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	50.00	60.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	14.00	22.50	13.50	5.9	1.6	2.4	15.0	10.7		
GEN ELECTRIC,10	03/90	7.20	30.60	52.50	45.50	54.00	31.00	3.8	2.5	12.0	10.0	2.2	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	15.00	41.00	15.00	-47.1			14.7	9.8	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	145.00	180.00	120.00	5.2	10.0	27.9	60.0	4.1	89	1:2
GERMAN REM,10	03/90	6.52	5.61	18.60	105.00	200.00	70.50	13.3	1.8	7.9	20.0	1.9	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	99.00	107.00	82.50	7.7	2.8	12.9	27.0	2.7	80	1:3
GODFREY PHILIPS,10	03/90	2.80	3.80	24.62	300.00	300.00	80.00	11.0	21.6	27.3	35.0	1.2	75	1:1
GOETZE,10	03/90	6.93	16.53	33.85	112.50	120.00	80.00	6.7	3.4	16.8	32.0	2.8	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	235.00	240.00	92.50	13.7	11.0	17.2	32.0	1.4	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	53.75	140.00	53.75	8.5	1.8	6.3	20.0	3.7	78	5:7
GOODYEAR,10	12/90	14.96	47.11	41.49	55.00	70.00	45.00	4.5		12.2	25.0	4.5	90	1:1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	13.00	22.50	10.87	0.4	0.3	32.5				
GRASIM,10	03/90	60.20	168.10	37.92	230.00	265.00	122.00	9.2	7.2	25.0	30.0	1.3	86	3:4
GREAVE COTTON,10	03/90	9.86	30.96	41.40	71.00	110.00	60.00	6.6	2.1	10.8	18.0	2.5	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	150.00	180.00	83.50	4.2	3.1	35.7	26.0	1.7	87	1:5
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	158.00	164.00	43.50	7.3	4.8	21.6	25.0	1.6		
GUJ NARMADA,10	03/89	88.99	103.47	21.83	41.50	54.00	34.00	3.4	0.4	12.2	10.0	2.4		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	210.00	260.00	160.00	11.6	8.3	18.1	30.0	1.4	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	207.50	237.50	114.00	10.6	5.6	19.6	75.0	3.6	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.86	87.50	120.00	80.00	10.0	3.5	8.8	26.0	3.0	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	87.50	90.00	22.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	70.00	128.75	60.00	9.4	4.1	7.4	30.0	4.3		
HIND CIBA,100	03/90	17.71	40.07	326.26	1175.00	1230.00	700.00	92.7	39.5	12.7	30.0	2.6	90	1:2
HIND DEVELOP,10	03/90	32.93	92.56	38.11	90.00	110.00	75.00	3.9	2.4	23.1	20.0	2.2	86	1:1
HIND DORR-OLIVER,10	03/90	4.78	10.67	32.42	67.50	115.00	52.50	7.3	2.8	9.2	25.0	3.7	89	1:1
HIND FERODO,10	03/90	5.50	1.89	13.44	20.00	40.00	15.00	0.1		200.0	7.5	3.8	83	4:5
HIND LEVER,10	12/90	93.32	162.06	27.37	162.50	168.75	116.50	7.1		22.9	42.0	2.6	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	20.75	54.50	17.00	0.8	0.4	25.9	7.5	3.6	86	1:1
HINDALCO,10	03/90	17.85	200.47	122.31	271.25	355.00	169.53	36.1	19.8	7.5	37.5	1.4	90	3:5
HMM,10	03/90	14.18	93.90	76.22	367.50	400.00	287.50	12.4	5.3	29.6	40.0	1.1	87	1:1
HOECHST,100	03/90	9.58	56.06	685.18	2650.00	3650.00	1745.00	94.5	56.1	30.2	20.0	0.7	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	92.50	140.00	23.75	4.0	1.4	23.1	15.0	1.6		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	15.50	26.00	14.00	0.1	-0.1	155.0				
HOUSING DEV FIN,100	03/90	19.98	64.96	425.23	422.50	475.00	260.00	123.6	82.8	3.4	20.0	4.7		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	13.00	25.00	8.00	1.4	1.2	9.3	15.0	11.5		
I.O.L.,10	03/90	14.60	31.44	31.53	50.00	56.00	31.00	0.2		250.0	10.0	2.0	86	1:3
ICI,10	03/90	40.87	84.19	30.60	51.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	23.00	45.00	23.00	3.9	1.8	5.9				
INDIA CEMENT,10	03/90	4.90	48.98	109.98	138.75	155.00	37.00	5.9	7.0	23.5	15.0	1.1	89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 3.5.91	52 weeks High	52 weeks Low	EPS in Re Year	EPS in Re Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
GYPSUM,10	03/90	8.98	-4.64	4.83	11.00	22.00	9.50	-2.4	-1.3					
POLYFIBRES,10	03/90	29.75	-2.73	9.08	7.25	22.00	7.00	-0.9	-1.1					
STEAMSHIP,10	03/90	10.15	-63.17	-52.24	9.80	16.50	8.70	1.8		5.3			75	1:1
N ALUM,10	03/90	41.50	49.09	21.83	195.00	250.00	145.00	14.1	7.0	13.8	25.0	1.3	77	2:5
N DYESTUFF,100	03/90	9.41	38.71	511.37	620.00	775.00	340.00	44.4	46.0	14.0	14.0	2.3	80	1:4
N HOTEL,10	03/90	14.79	51.27	44.67	93.50	127.50	85.00	7.8	-1.0	12.0	25.0	2.7	89	1:2
N ORGANIC,10	03/90	18.40	26.38	24.34	41.50	86.00	31.25	4.6		9.0	15.0	3.6	85	1:2
N RAYON,10	06/90	25.40	202.97	89.91	107.50	163.75	105.50	7.8	4.0	13.8	30.0	2.8	80	1:4
N SEAMLESS,10	03/90	3.86	2.36	16.11	137.00	165.00	72.50	4.7		29.1	25.0	1.8	89	3:4
GULF FERT,10	03/90	164.92	0.25	10.02	30.50	40.00	17.50	0.1	-0.2	305.0				
NISSAN,10	03/90	14.00	1.21	10.86	13.50	25.50	11.50	0.2	0.5	67.5	6.0	4.4		
RSOLL,10	03/90	15.78	34.25	31.70	335.00	360.00	220.00	9.1	5.3	36.8	25.0	0.7	89	1:1
XCHANGE,10	03/90	3.50	11.10	41.71	84.00	90.00	52.50	2.9	0.7	29.0	13.0	1.5	86	4:5
TA,10	03/90	12.00	-15.79	-3.16	43.00	80.00	21.50	2.9	1.4	14.8				
)	03/90	66.34	152.27	32.95	162.00	165.00	73.00	7.9	5.7	20.5	37.5	2.3	89	1:1
HEMICAL,10	03/90	3.00	6.02	30.07	135.00	207.50	75.00	12.7	17.0	10.6	21.0	1.6		
IDUSTRIES,10	06/90	14.04	27.86	29.84	87.00	87.00	47.50	11.8		7.4	30.0	3.4	87	1:1
YNTHETIC,10	03/90	38.51	129.12	43.53	37.00	79.00	27.00	1.1	-5.7	33.6	20.0	5.4	83	1:3
NT VITAMIN,10	06/90	3.87	5.11	23.20	23.00	44.00	23.00	4.2		5.5	10.0	4.3	87	2:5
ANI BRAKES,10	03/90	3.90	-4.84	-2.41	90.00	105.00	42.50	4.0	2.1	22.5				
ANI STEEL,10	03/90	4.72	9.05	29.17	250.00	500.00	187.50	19.7	5.7	12.7	75.0	3.0	90	1:1
NATOR,10	06/90	8.40	25.48	40.33	152.50	152.50	82.00	10.8	9.7	14.1	20.0	1.3	89	1:1
RAM,10	03/90	11.46	53.78	56.93	96.00	132.50	49.00	2.3		41.7	10.0	1.0	79	1:2
AY DIST,10	03/90	9.00	8.88	19.87	25.00	42.50	25.00	5.9	2.8	4.2	12.0	4.8		
TIC ENGG,10	03/90	2.88	22.29	87.40	169.00	240.00	147.50	12.3	7.7	13.7	25.0	1.5	89	1:1
TIC HONDA,10	06/90	9.99	7.63	17.64	84.00	95.00	52.50	3.4	4.3	18.8				
CUMMINS,10	03/90	26.40	41.95	25.89	132.50	148.00	75.00	4.4	2.0	30.1	20.0	1.5	86	1:1
PNEUMATIC,10	03/90	3.85	11.28	39.30	52.00	85.00	35.00	6.7	1.5	7.8	18.0	3.5		
OSKAR OIL,10	03/90	5.75	13.16	32.89	86.00	87.50	33.75	5.2		12.7	16.0	2.4	76	3:7
CKNER WIND,10	03/90	4.50	12.31	37.36	166.25	215.00	92.50	13.1		12.7	24.0	1.4	90	1:1
PUMPS,10	03/90	8.70	12.25	24.08	202.50	260.00	170.00	7.3	3.1	27.7	20.0	1.0	89	1:1
ME,10	03/90	3.15	9.87	40.70	230.00	300.00	122.50	5.6	4.8	41.1	28.0	1.2	89	1:2
EN TOUBRO,10	03/90	66.09	321.18	57.17	97.00	186.25	70.00	6.3	7.2	15.4	25.0	2.6	86	3:5
ON,10	12/90	15.75	24.51	25.56	100.00	110.00	65.00	3.7		27.0	22.0	2.2		
D STEEL,10	03/90	5.07	4.92	19.70	40.00	100.00	40.00	7.2		5.6	25.0	6.2	89	1:2
0	03/90	21.42	9.07	14.23	24.00	66.00	12.50	0.2	-0.2	120.0			80	4:5
MEILL MAGOR,10	03/90	2.74	39.99	155.95	99.00	108.00	90.00	11.9	8.4	8.3	25.0	2.5		
RAS CEMENT,100	03/90	3.02	18.65	717.55	4475.00	4550.00	1000.00	22.5	276.0	198.9				
URA COATS,10	03/90	21.96	92.32	52.04	180.00	270.00	115.00	8.4	7.8	21.4	40.0	2.2	90	1:2
TLAL FINE,100	03/90	14.48	18.90	230.52	380.00	690.00	240.50	-33.1	6.6	47.1		3.1	80	1:3
TLAL IND,100	03/90	13.45	51.38	482.01	915.00	1300.00	540.00	22.7	19.1	40.3	22.0	2.4	78	1:5
N & MAHIN,10	03/90	19.26	113.23	68.79	77.50	115.00	65.00	8.3	3.3	9.3	25.0	3.2	84	2:3
NDRA NISSAN	03/90	19.26	0.15	10.08	15.00	28.00	12.50	-1.5	-2.5					
NDRA UGINE,10	03/90	11.50	26.96	33.46	80.00	85.00	47.50	4.1		14.6	20.0	3.3	86	1:2
GALAM CEM,10	03/90	7.11	11.04	25.53	80.00	82.50	33.50	1.1	1.5	72.7	22.5	2.8		
GALORE CHEM,10	09/90	58.72	0.17	10.03	12.50	35.00	11.00		-9.8			4.3		
TERSHARE,10	06/89	225.00	280.80	22.47	30.75	37.00	19.00	8.3		3.7	18.0	5.9		
MER PLATT,10	03/90	23.04	9.15	13.97	26.00	45.00	23.00	1.8	0.7	15.6	22.0	7.9	87	3:5
NDIA,10	03/90	2.79	6.17	32.11	70.00	100.00	67.50	5.5	2.0	12.7	30.0	4.3		
A INDUST,10	11/89	4.32	2.64	16.11	6.50	15.00	5.00	-0.7				14.1		
OWELL,10	03/90	9.99	25.89	35.92	60.00	100.00	60.00	8.9	2.0	6.7	25.0	4.2	86	1:1
OD RUSSEL,10	03/90	6.25	22.38	45.81	121.25	135.00	89.00	13.9	13.6	8.7	80.0	4.9	89	3:5
L BOX,10	03/90	14.66	-26.32	-7.93	6.75	13.75	6.50	-9.4					87	1:2
S INDIA,10	03/90	1.28	2.08	26.25	75.00	110.00	50.00	4.4	1.4	17.0	20.0	2.7	89	1:1
FOOD,10	03/90	1.14	4.49	49.39	95.00	185.00	95.00	23.0		4.1	30.0	3.2	87	1:1
INDUSTRIES,10	03/89	3.30	23.85	81.67	15.00	30.00	12.50	-52.6	-1.6			3.2	89	1:5
RUBBER,10	03/90	10.36	52.50	60.58	83.50	95.00	55.00	6.9	3.8	9.2	25.0	3.9	84	2:5
XEROX,10	03/90	19.46	6.50	13.34	67.00	104.00	60.00	3.1	0.5	21.6	16.0	2.4		
R INDUST,100	12/89	36.05	67.85	278.32	1010.00	1300.00	700.00	38.4	19.4	26.3	14.0	1.4	86	1:1
0	03/90	3.86	55.04	152.59	450.00	452.50	200.00	32.4	19.2	13.9	60.0	1.3	75	1:2
ND IRON,10	03/90	14.74	92.60	72.82	187.50	242.50	132.00	11.4	5.7	16.4	30.0	1.6	86	1:2
RE CEMENT,10	03/90	19.23	97.87	60.89	66.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
R FINANCE,10	03/90	2.43	4.87	30.04	14.00	22.50	13.00	7.1	3.2	2.0	25.0	17.9		
N PEROXIDE,100	03/90	2.30	7.18	412.17	800.00	1200.00	525.00	-19.1	-80.4		6.0	0.8		
ONAL RADIO,100	03/90	6.96	3.75	153.72	350.00	700.00	275.00	14.0		25.0				
LE,10	12/89	36.52	5.70	11.56	140.00	158.75	115.00	3.9		35.9	30.0	2.1	89	3:5
M,10	03/90	15.78	-23.74	-5.06	21.00	37.00	14.00	-11.8	-5.6				82	1:2
,100	03/90	36.00	100.85	405.14	1270.00	1850.00	925.00	117.3	37.9	10.8	40.0	3.1	86	1:2
A CEMENT,10	03/90	5.40	47.44	97.85	175.00	175.00	40.00	2.5	0.5	70.0	20.0	1.1	87	1:1
,10	03/90	66.29	51.85	17.79	28.25	47.00	15.50	0.2	0.5	141.2		17.5		
, AGRI,10	09/89	36.72	61.67	18.44	37.00	72.50	32.00	2.8	2.1	13.2	50.0	13.5	87	3:5
, FUTURE,10	03/90	18.00	9.15	10.08	17.00	35.00	17.00	2.5		90.0				
ELEVATORS,10	03/90	5.37	20.24	47.88	207.50	253.75	170.00	7.5	3.5	27.7	25.0	1.2	85	1:1
,10	03/90	7.59	4.06	15.42	80.00	122.50	70.00	3.7	4.2	21.6	35.0	4.4	90	3:5
,10	03/90	23.39	46.09	22.70	90.00	90.00	31.00	2.0	2.9	40.0	10.0	1.2	82	1:5
R,10	03/90	11.72	18.91	24.43	74.00	156.25	60.00	2.3	1.8	32.2	20.0	2.7	77	4:5
POLYCHEM,10	03/90	6.00	17.30	38.83	72.50	108.72	49.36	11.5	4.1	6.3	25.0	3.4	90	1:2
POLYOLEFINS,100	03/90	19.30	56.49	392.89	1150.00	1450.00	850.00	94.0	33.8	12.2	35.0	3.0	86	1:2
PONDS,10	12/90	10.01	19.26	29.24	219.00	220.00	150.74	7.6		28.8	37.5	1.7	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	49.00	79.00	32.00	7.5		6.5	30.0	6.1	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	270.00	340.00	196.00	8.7	5.3	40.3	30.0	1.1	86	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	17.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	92.50	135.00	67.50	1.9	3.3	48.7	10.0	1.1	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	147.50	152.50	95.00	8.4	6.6	17.6	27.5	1.9	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	166.50	178.00	85.00	8.1	7.2	20.6	20.0	1.2	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	272.50	275.00	207.50	11.1	4.8	24.5	47.5	1.7	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	12.00	22.00	12.00	0.9	0.7	13.3				
RELIANCE PETRO	03/89	86.47	0.48	10.06	36.50	56.50	20.50	0.6		60.8	18.0	4.9		
RELIANCE,10	03/90	152.11	958.12	72.99	130.00	234.00	62.00	5.9	5.5	22.0	30.0	2.3	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	37.50	50.00	35.00	3.3	1.8	11.4	20.0	5.3	86	1:2
REVATHI C.P,10	03/90	1.80	4.29	36.81	90.00	100.00	72.50	5.8		15.5	20.0	2.2	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	100.00	118.75	83.75	9.8	3.1	10.2	15.0	1.5		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	64.00	75.00	37.50	2.2	1.9	29.1	12.0	1.9	80	1:3
ROSS MURARKA,10	06/90	4.64	13.17	38.36	26.00	32.50	16.00	10.4	1.5	2.5	20.0	7.7		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1450.00	2950.00	1150.00	202.0	83.9	7.2	45.0	3.1	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	23.00	40.00	18.00	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	117.00	136.74	80.00	11.2		10.4	18.0	1.5	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1260.00	1425.00	610.00	87.2		14.7	30.0	2.3	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	10.00	12.00	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	132.50	155.00	110.00	5.3	4.9	25.0	20.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	216.25	231.25	90.00	6.7	9.5	32.3	18.0	0.8	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	107.00	118.00	78.00	12.7	6.3	8.4	42.5	4.0	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	146.25	148.00	108.00	4.4	4.0	33.2	30.0	2.1	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	125.00	140.00	55.00	0.4	-3.4	312.5				
SIPTA COATED,10	03/90	17.59	12.40	17.05	15.00	30.00	13.00	1.4		10.7	15.0	10.0		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2700.00	2775.00	1375.00	84.0	50.7	32.1	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	50.00	75.00	34.00	6.8	1.3	7.4	16.0	3.2	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	66.00	75.00	45.00	6.8	3.8	9.7	18.0	2.7	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	183.75	250.00	120.00	10.4	5.2	17.7	25.0	1.4	89	1:2
SRF,10	09/89	10.33	22.69	31.97	32.50	65.00	32.50	4.2		7.7	18.0	5.5	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	67.50	120.00	51.25	1.2	1.9	56.2	20.0	3.0	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	14.50	26.00	10.75	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	157.50	161.00	88.00	7.2	4.4	21.9	30.0	1.9	72	1:2
SU-RAJ DIAMOND,10	03/90	7.86	9.72	22.89	36.00	57.50	37.00	14.2	5.2	2.7	25.0	6.6		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	36.00	65.00	36.00	0.1	1.1	360.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	120.00	137.50	76.00	9.3	2.6	12.9	27.5	2.3	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	62.00	73.00	38.50	15.3		4.1	30.0	4.8	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	306.25	310.00	168.75	20.3	9.7	15.1	45.0	1.5	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	36.00	90.00	35.00	4.6	1.3	7.8	17.5	4.9		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	50.00	65.00	38.75	4.3	2.7	11.6	25.0	5.0		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	88.00	117.00	80.00	5.5	2.2	12.4	30.0	4.4	89	1:2
TATA LOCO,10	03/90	103.67	378.79	46.53	232.50	252.50	138.50	9.9	5.1	23.5	30.0	1.3	82	2:5
TATA OIL,10	03/90	8.11	25.19	41.06	72.50	150.00	47.20	16.5	2.9	4.4	20.0	2.8	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1260.00	1750.00	495.00	56.9	26.0	22.5	20.0	1.6	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	44.00	75.00	32.50	-3.6		10.9	10.0	2.3		
TATA STEEL,10	03/90	229.43	1103.11	58.08	180.00	230.00	111.00	6.5	3.3	27.7	30.0	1.7	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	342.50	450.00	202.00	24.3	16.3	14.1	60.0	1.8	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	160.00	200.00	77.50	11.8	4.3	13.6	30.0	1.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	80.00	84.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	42.00	47.50	27.50	2.5	-4.3	16.8	15.0	3.6		
TUBE INVESTMENT,10	03/90	8.71	28.62	52.65	74.50	95.00	65.00	6.7	3.1	11.1	24.0	3.2	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	15.00	17.00	9.00	1.1	-0.8	13.6		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	11.50	26.00	11.00	1.3		8.8				
TWENT.CENT,10	03/90	8.88	12.44	24.01	30.00	52.00	26.25	4.5		6.7	22.0	7.3	86	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	57.00	76.25	37.00	8.1		7.0	20.0	3.5	86	1:1
UNION CARBIDE,10	03/90	32.58	29.86	19.17	46.00	46.00	24.25	-4.1		16.8	12.0	2.6	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	101.25	110.00	45.00	1.8	2.6	56.2	10.0	1.0		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	14.25	27.00	14.00	4.3	-0.8	3.3	20.0	14.0		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	165.00	195.00	111.25	15.7	5.7	10.5	35.0	2.1		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	225.00	530.00	190.00	66.2	37.0	3.4	40.0	1.8		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	65.00	135.00	60.00	8.0	1.4	8.1	22.5	3.5		
VOLTAS,100	03/90	19.85	61.98	412.24	120.00	140.00	71.00	9.2	5.8	13.0	24.0	20.0	89	1:2
VST INDUSTRIES,10	03/90	9.85	16.71	27.32	150.00	150.00	45.00	8.1	9.1	24.6	30.0	2.0	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	22.50	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	131.25	180.00	94.00	20.9	18.3	6.3	70.0	5.3	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	23.00	44.00	17.00	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	48.00	80.00	37.50	2.0	1.1	24.0	12.5	2.6		
ZENITH,10	03/90	9.15	-11.20	-2.24	25.00	55.00	25.00	-28.4	-11.9	9.2	30.0	12.0	87	1:4
ZUARI,10	03/90	12.43	57.09	56.93	72.50	95.00	58.00	4.7	4.2	15.4	30.0	4.1		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

"My Master, I Am Back! This Time With DHANAVARSHA (3)."

DHANAVARSHA (3)
Option 1 – Immediate Monthly Income.
Interest: 12.5% to 14%.
Get 66 cheques in advance.

Invest a minimum of Rs. 5000. Get a regular monthly income for 5½ years. The interest rate initially is 12.5% which increases to 14% by the end of the scheme. What's more you get all the income cheques in advance.

And that's not all...

You'll have 100% distribution of capital appreciation. Incentive for investing early. Encashment facility after 3 years. Loan facility from Central Bank of India. And also Income Tax benefits under Section 80L and Wealth Tax exemption under Section 5.

NRIs too can invest on a non-repatriation basis.

You also have a choice of other options:

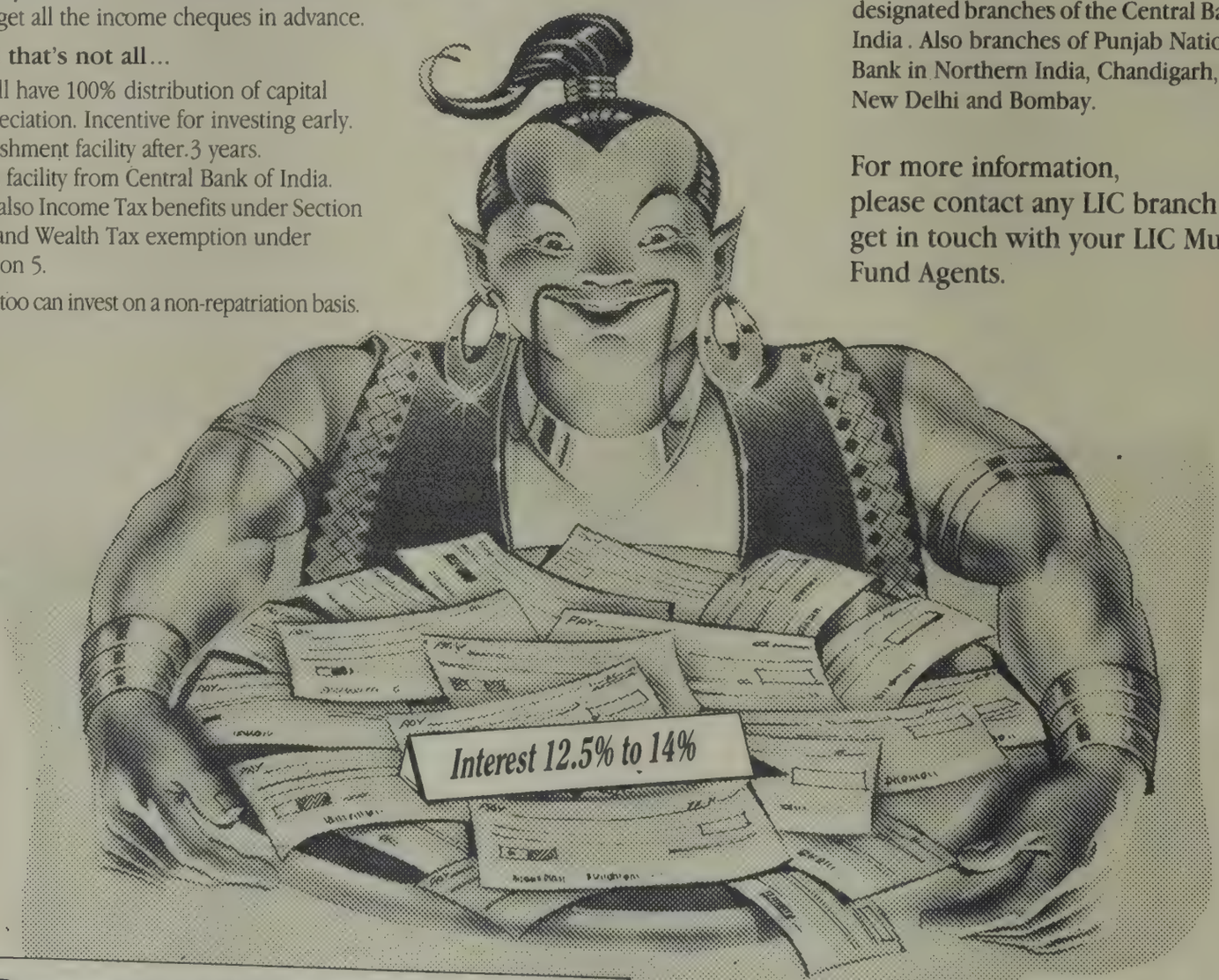
Option 2 – Deferred Monthly Income, wherein you defer income for one year and then get higher interest ranging from 16% to 21%. Options 3 and 4 – Accumulated Income/Capital Growth, in which you get a lump sum of 103% returns plus your appreciated principal amount.

Attractive incentive for early investors!

Period	Incentive
May 1-15	1%
May 16-31	½%

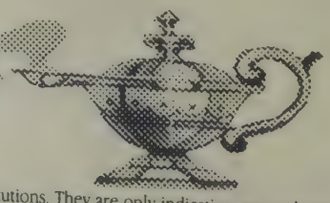
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Company	Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
ASEA	100	10	NCD	13.5	252.0	85.00	04/06/90	15.88	30.6,31.12	17/9/93	17/06/91
ASHOK LEY.A	64	5	NCD	13.5	521.0	52.50	25/04/91	14.40	31.3,30.9	3/4/96	16/03/91
ASHOK LEY.B	64	5	NCD	13.5	1043.0	52.50	29/04/91	14.40	31.3,30.9	3/4/96	16/03/91
ASHOK LEY.C	100	5	NCD	15.0	815.0	117.50	06/05/91	27.27	31.3,30.9	3/4/91	16/03/91
ATASH IND	75	10	CD	15.0	500.0	60.00	06/05/91	19.57	31.1,31.7	17/3/94	20/05/91
BATLIBOI	100	25	NCD	15.0	510.0	100.00	06/05/91	15.79	30.4,31.10	11/4/93	01/04/91
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CONT. CONST.	100	10	NCD	15.0	807.0	65.00	29/04/91	21.43	1.1,1.7	4/10/95	16/03/91
DR REDDY'S	100	10	CD	15.0	163.0	85.00	05/05/91	17.65	30.6,31.12	4/6/96	15/06/90
E.I.HOTELS	50	10	NCD	13.5	1566.0	42.00	05/05/91	14.67	10.4,10.10	10/4/94	01/03/91
ELECON ENG	45	5	NCD	13.5	247.0	40.00	05/12/89	15.19	30.6,31.12	12/3/94	05/03/91
ESSAR SHIP	75	10	NCD	13.5	100.0	75.00	25/04/91	14.26	31.3,30.9	15/4/94	26/12/91
F.G.P.	100	5	NCD	13.5	168.0	90.00	11/05/90	15.00	31.3,30.9	19/11/92	19/03/91
FERRO ALLOY	190	2	NCD	13.5	750.0	170.00	31/08/89	15.09	30.6,31.12	30/6/91	06/06/91
GARDEN SILK	100	10	NCD	12.5	300.0	72.50	26/04/91	16.67	31.3,30.9	31/3/97	01/03/91
GRASIM IND	96	5	NCD	13.5	100.0	87.50	04/05/91	19.06	31.3	30/6/97	15/03/91
GUJ ALKALI	140	5	NCD	13.5	700.0	95.00	23/04/91	18.90	28.2,31.8	1/8/93	25/02/91
HIND FERODO	100	5	CD	13.5	206.0	80.00	22/05/90	16.88	30.6,31.12	14/12/92	08/12/90
HOECHST	100	5	NCD	15.0	383.0	99.00	25/04/91	15.00	1.5,1.11	14/9/91	04/04/91
I.T.C.	500	1	NCD	15.0	2987.0	550.00	25/04/91	14.29	1.7	30/6/91	16/05/90
IND HOTEL	75	10	NCD	13.5	1123.0	67.00	25/04/91	13.97	1.4,1.10	26/4/92	22/02/91
IND HOTEL	100	10	NCD	12.5	2708.0	86.00	25/04/91	15.15	15.6,15.12	14/6/94	10/05/91
IND RAYON	80	5	NCD	12.0	801.0	51.25	09/01/90	18.73	30.6,31.12	6/4/93	15/12/90
IND RAYON	112	5	NCD	13.5	1668.0	88.00	15/03/91	17.18	30.6	18/2/95	01/02/91
J.K. SYNTH	120	4	NCD	13.5	1875.0	104.00	05/05/91	16.20	1.1,1.7	1/4/92	14/12/90
JINDAL STR	100	10	NCD	15.0	600.0	100.00	25/04/91	15.79	30.6,31.12	14/4/94	27/12/90
KALY STEEL	100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	01/12/90
KESORAM	90	5	NCD	13.5	1890.0	80.00	05/05/91	14.29	31.3,30.9	11/3/95	05/03/91
KLOCK WIND	100	10	CD	13.5	138.0	86.25	04/05/91	15.21	31.3,30.9	30/6/93	16/08/90
KOTH FOOD	80	10	CD	15.0	475.0	60.00	11/09/90	20.00	31.3,30.9	30/6/91	01/03/91
L & T RTC	48	5	CD	13.5	360.0	55.00	18/01/90	14.46	1.1,1.7	30/6/90	15/06/91
LAKME	75	10	NCD	13.5	202.3	70.00	28/06/90	14.46	30.6,31.12	9/4/94	17/05/91
LML	115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	30/04/90
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RHONE POULEN	100	5	NCD	15.0	300.0	100.00	28/05/90	15.00	1.4,1.10	9/9/94	16/04/91
MAZDA IND	100	10	NCD	13.5	625.0	40.00	25/04/91	24.55	1.4,1.10	5/4/93	31/03/91
MUKAND	125	5	NCD	13.5	437.0	115.00	26/09/90	14.67	1.1,1.7	30/6/88	12/12/90
PRESTIG FOOD	100	10	NCD	13.5	25.0	70.00	12/07/90	19.29	31.12,30.6	30/6/92	20/12/90
RAYMOND WOOL	240	1	CD	12.0	480.0	270.00	01/02/90	10.67	31.3,30.9	30/6/89	14/03/91
RAYMOND WOOL	400	1	NCD	13.5	1920.0	385.00	19/04/91	14.21	31.10	30/10/92	17/09/90
REL F CUM	100	10	NCD	15.0	27000.0	212.50	05/05/91	7.06	28.2,30.9	30/9/95	25/01/90
RELIANCE E	100	5	NCD	13.5	5333.0	86.00	05/05/91	15.43	30.4	30/6/97	25/03/91
RELIANCE F	100	10	NCD	15.0	3000.0	103.50	25/05/91	14.56	20.2,31.8	30/9/95	25/01/91
REL.PETRO B	40	10	CD	12.5	1045.0	81.00	05/05/91	6.33	31.5,30.11		15/05/91
REL.PETRO C	150	10	CD	12.5	3920.0	131.00	05/05/91	14.88	31.5,30.11	30/10/95	15/05/91
SANDOZ	100	10	NCD	13.5	69.0	92.50	24/04/90	14.59	30.6,31.12	24/4/95	11/06/91
STEELAGE	100	10	NCD	13.5	132.0	87.50	04/04/91	15.88	1.5,1.11	30/6/94	25/04/91
TATA PRESS	120	5	NCD	13.5	195.0	110.00	27/02/91	14.73	31.3,30.9	11/11/96	01/03/91
TATA STEEL	200	5	NCD	13.5	2011.0	195.00	16/04/91	13.50	1.4,1.10	1/3/92	11/03/91
TATA STEEL	600	5	NCD	12.0	25705.0	515.00	26/04/91	14.12	1.2		11/01/91
TATA UNISYS	100	10	CD	12.0	250.0	82.50	05/05/91	14.12	1.1,1.7	30/6/98	31/05/91
TITAN WATCH	200	10	NCD	13.5	1312.0	175.00	04/05/91	14.21	15.6,31.12	5/3/97	16/05/91
TRANSPORT CO	100	10	NCD	15.0	400.0	77.50	23/04/91	20.00	31.3,30.9	30/6/93	16/03/91
TTK PHARM	100	10	NCD	15.0	143.0	90.00	04/05/91	17.65	30.5,30.11	1/3/92	11/03/91
TWENT CENT	100	5	NCD	13.5	300.0	85.00	17/08/89	15.88	30.4,31.10	23/8/90	16/04/91
UNITECH	100	15	NCD	15.0	264.0	85.00	02/05/91	18.75	30.6,31.12	25/4/94	12/12/90
UNIV LUGGAGE	100	10	NCD	15.0	250.0	75.00	05/05/91	20.00	1.6,1.12	26/3/96	14/05/91
USHA MARTIN	100	5	NCD	13.5	934.0	85.00	02/05/91	16.07	31.3,30.9	29/10/95	02/03/91
V.I.P. IND	100	10	NCD	15.0	960.0	95.00	29/04/91	16.22	31.1,31.7	22/4/93	09/01/91
VARELI TEXT	100	10	NCD	15.0	862.0	80.00	02/02/90	18.75	31.3,30.9	30/6/93	09/09/89
VARUN SHIP	100	10	NCD	15.0	175.0	91.50	02/05/91	16.13	31.5,30.11	20/8/93	17/05/91
VOLTAS	300	1	NCD	15.0	900.0	150.00	29/05/90	16.07	28.2,31.8	1/3/91	14/06/91
VOLTAS	150	2	CD	13.5	300.0	137.50	02/12/88	15.28	30.6,31.12	30/6/91	14/06/91
W.LENTER	100	5	CD	15.0	615.0	90.00	21/03/91	16.67	1.10,1.4	12/6/95	16/03/91
ZENITH	90	10	NCD	13.5	480.0	60.00	02/05/91	16.42	1.5,1.11	20/7/92	21/09/90

Note: CD: convertible debenture; NCD: non-convertible debenture including debentures that were earlier partially convertible for which the conversion is over.
Debenture yield is calculated as a percentage of market price without adjusting interest due component. This can make a significant difference in actual return.
The fact that the debenture market is generally active can be surmised from the dates of last business done.
Hence readers are advised to seek suitable professional advice before deciding.
All care is taken to ensure accurate and up-to-date information.

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Winners in plenty

Most of the scrips moved up and so did the number of winners. For Investor Contest (IC 341), we have 78 winners.

Last time, due to a typographical error, some of the prices got interchanged. We regret the error. The prices are as follows: Ballarpur Industries (Rs.305), Brooke Bond (Rs.140), ITC (Rs.165), Lipton Tea (Rs.96), Modi Rubber (Rs.62.50) and Varun Shipping (Rs.26.25).

Scrips	Prices as on Friday 25 March 1991 (Rs.)	Prices as on Monday 22 April 1991 (Rs.)	Ranks
Brooke Bond	142.50	140.00	5
Bajaj Hindustan	900.00	875.00	6
TELCO	175.00	227.50	1
Escorts	138.75	160.50	3
Garware Polyester	54.00	55.00	4
Hindustan Alloys	57.50	69.00	2

Given here is a new list of six scrips, and their closing prices on 3 May 1991. Pick the share that you think will rise the most in percentage terms by 3 June 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 3 June 1991. You don't have to tell us either the prices or even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 30 May, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday 3 May, 1991 (Rs.)	Rank as on Monday 3 June, 1991 (please fill in number)
Birla Jute	230.00	
Gujarat Ambuja Cement	158.00	
Jaiprakash Industries	33.25	
Kesoram	96.00	
Mangalam Cement	80.00	
Modi Cement	15.00	

Name: _____

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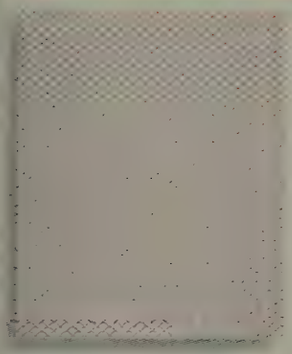


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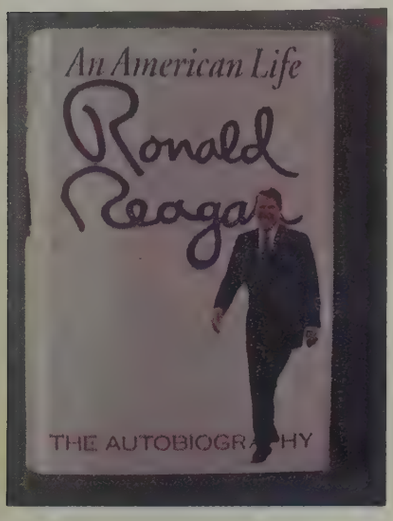
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As bland as a Big Mac



AN AMERICAN LIFE
By Ronald Reagan
Simon & Schuster, 1990. Distributed by IBD, Bombay. pp.750, Rs.250

Nostalgia isn't what it used to be. Do you remember when Ronald Reagan was president of the United States? The second most significant figure of the eighties seems to have passed into oblivion, or at any rate, into the after-dinner speech circuit. Anxious, perhaps, to extend his image into history, Reagan has come out with his autobiography, rather modestly titled *An American Life*. Ordinarily, autobiographies published shortly after retirement attract all manner of restrictions from the new powers that be. However, this book presents no such problems. The good gentlemen of the CIA can sleep unperturbed for, in truth, this book is as bland as Big Mac and as wholesome as apple pie.

Bumbling amiability

After reading this book one's impression of Reagan being the quintessential B film actor remains undisturbed. Politics could be interpreted as being merely an extension of his acting by other means, his bumbling amiability shining up like a garish Pepsi illumination in a world full of Pentagon types who are content to describe the incineration of innocent civilians as "collateral damage".

The book is written in that indelibly folksy style which became the hallmark of the great communicator. However, behind great communicators lie even greater censors. The role of Nancy Reagan in this enterprise cannot be underestimated, if Kitty Kelly's biography is even 20 per cent accurate. She is a truly formidable person, much more so than the great bumbler. Why ever did Reagan devote all of two lines to his previous marriage with Jane Wyman in a book of over 700 pages?

Moreover, there are several defences made of Nancy's legendary extravagance — which reportedly made even Imelda Marcos blush — including that of the purchase of the one million dollar dinner service. Apparently, Nancy has excellent taste and, in any case, the money didn't come out of public funds but from private donations. Private donations? Well, yes, from patriotic businessmen and foreign wellwishers.

Incidentally, no mention is made of Frank Sinatra.

One judges a man by his heroes and, perhaps, his reading matter. Well, if Saddam Hussein's hero is Don Corleone of the *Godfather*, Reagan's idol is Calvin Coolidge. Calvin who? you may ask. Well, go back into the mists of time and, like Reagan who became famous by running up a deficit so big any self-respecting computer would fuse at the very mention of it, there was also a president called Calvin Coolidge who paved the way for the great depression which brought capitalism to its knees. To get the unique flavour of what Coolidge was about, savour Dorothy Parker's wickedly delicious comment when hearing of Coolidge's death, "How can they tell?"

Reagan's single greatest contribution to the eighties was to make greed respectable. Of course, nowhere in his autobiography does he talk about greed as such; rather he uses such anodyne terms as enterprise, hard work, etc

As far as Reagan's reading is concerned, the joke in Washington goes that the ex-president's library burnt down... both his books got burnt... he hadn't finished colouring them. Well, his autobiography doesn't disabuse us of the notion that books are not Reagan's cup of tea. However, he does spring a surprise by quoting an Arab economist of the 14th century, Ibn Khaldoon, who he quotes several times over as being the granddaddy of all supply side economists. The great Ibn thought taxes were decidedly a bad thing.

Reagan's single greatest contribution to the eighties was to make greed respectable. Of course, nowhere in his autobiography does he talk about greed as such; rather he uses such anodyne terms as enterprise, hard work etc. But what is evident is the fact that throughout the eighties the degree of economic inequality widened to an unacceptable extent. Even some of Reagan's advisors were repelled by the consequences of his economic philosophy. David Stockman, the ex-president's budgetary advisor, graphically remarked: "The hogs were really feeding. The greed level, the level of opportunism, just got out of control." And as Amar Bhide, an associate of McKensy's sharply put it: "We never will know how much entrepreneurial activity was unleashed among tax payers in the top tax brackets. But we do have on record what federal deficits, swollen by the tax cuts, did — they sucked away the funds needed for productive investment."

However, as citizens of the world now apparently ruled by a Pax Americana, what kind of leadership can we expect? Not very much at the political level at any rate. Reagan practically confesses to ignorance of the Iran Contra affair but approves of it nonetheless. Otherwise, his perceptions on international relations remain extraordinary for their simplicity — one-dimensional views fortified with much prejudice.

The Reagan touch is decidedly human, he likes to relate on a one to one basis. Unfortunately for him, his autobiography is littered with friends who keep disappearing: like the Shah of Iran ("a fine ruler"), the Marcoses ("our devoted allies"), Baby Doc of Haiti and other fine friends. Reagan's trenchant support of Saddam Hussein gassing the Kurds in 1986 when Congress wanted to reduce military aid to Iraq is not mentioned here and nor is Saddam Hussein.

Here we have an autobiography which is remarkable for not showing the slightest hint of introspection or doubt. Fortunately, history will be a more exacting task master, and history is something no one, not even the president of America, can rewrite or gloss over. ■

JAVED GAYA

United they stumble



GERMAN UNIFICATION: ECONOMIC ISSUES
Edited by Leslie Lipschitz and Donogh McDonald.
IMF, December 1990. pp.175

The murder of Detlev Rohwedder on 1 April came as a rude shock to most Germans. Rohwedder was the head of the Treuhand Ansalt, the agency responsible for privatising 8,000 East German companies with four million workers. The task was a monumental one and though Rohwedder was a workaholic he made very little headway. By the time he died, only 100 large companies had been privatised along with 20,000 of the 40,000 small enterprises. His murder is almost certainly related to the turmoil that privatising and restructuring has caused.

Valuable background

The book under review provides some valuable background for understanding the situation in Germany today. Written by economists in their typically dry and abstruse manner, the book is by no means bed-time reading. It gives no easy answers to questions raised by the recent events in Germany though it does provide the different scenarios, based on selected assumptions, on what the economic development of East Germany is going to involve.

The challenge posed by unification is formidable. The East German command economy was the antithesis of the Erhardian ideas which dominated West German economic thinking. The emphasis has been on limiting government involvement in the economic process to let the market operate efficiently. This is what Rohwedder tempted.

In an article by Larry Lipschitz, the dilemma of the Treuhand is clearly illustrated. The value of the asset it inherited, the property of the East German state, was not at all clear, nor its ability to generate income in an open market. Yet these factors would determine employment, income and the degree of hardship that East Germans would have to endure.

Treuhand's own role was not clearly defined. Was it like an investment fund maximising the value of its assets? Or was it primary role to restrict the extent of social disruption? Finally, the scope of its work was staggering; the privatising and restructuring of an entire industrial sector of an economy.

To compound Treuhand's problems, enthusiasm among W.German industrialists for investing in the east has been conspicuously absent. While they invested DM 335 billion in West Germany last year, the most optimistic projections for this year in East Germany are only DM 25 billion. Ironically, Rohwedder was the same one who taxed industrialists for their failure to invest.

Written by economists in their typically dry and abstruse manner, the book gives no easy answers to questions raised by the recent events in Germany. It however does provide the different scenarios, based on selected assumptions, on what the economic development of East Germany is going to involve

Wave of hostility

A wave of factory closures, which the Treuhand considered necessary, created enormous resentment. The announcement last January of a decision to close the Wartburg car factory in Eisenach in East Germany triggered off the recent wave of hostility against the Treuhand. At a meeting to honour Rohwedder, president Richard von Weizsacker said, "It is a real effort for us to understand one another. But if we do not heal the deep wounds together, unity will be a burden in the east and west forever." While pressure from unions now affiliated to their West German counterparts has extracted some concessions, such as an extension of payments to part time or "short time" workers and redundancy payments the problems are still severe.

One of the most interesting chapters by Thomas Mayer is on lessons from the past. It profiles the three phases of German economic management. The first was dominated by the free market ideas of Ludwig Erhard, which persisted till the mid-sixties. This was the time when the German miracle really took root. The second phase which lasted till the early eighties saw a mild Keynesianism which led to greater state intervention but also a sharp increase in deficits. Finally, the eighties which saw a revival of Erhardian ideas and a sharp increase in prosperity.

Mayer suggests that if lessons of the fifties are taken seriously, rapid economic growth and adjustment can be resorted to without relying on subsidies. An attempt should be made to limit the effects on social transfers on the flexibility of the labour market. Finally, policy-makers should make an attempt to ensure that pursuit of equity through the tax system is balanced against the efficiency losses that might result.

Uncertain outlook

Towards the end, as if in conclusion, Mayer warns, "It is clear, however, that the outlook for the government finances in the pre-unified East Germany is highly uncertain and that one could envisage large fiscal imbalances being sustained for some time. It may also turn out that past experience, on which model calculations of German economic, monetary and social union are based, is a poor guide given the unprecedented character of the unification process. These factors argue for a close monitoring of developments in Germany and their international effects. Should persistent and sizable fiscal imbalances seem likely, policy makers should be ready to take decisive action."

So there exists the need to limit the immediate social consequences of restructuring — for example, unemployment should lead the German government to take a more interventionist role. The other prospect of continued social unrest in the short term is probably too alarming.

■ EAPEN THOMAS

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THE FOUR BEST JOBS

- MANAGING DIRECTOR (Designate) * Bombay * *Sal* Rs.3 lakh + perks * *Age/Qlfn* 40-45 years * Mechanical/chemical engineer * *Reqd* Proven track record * *Cont* MDD/BPA/3076, ABC Consultants Pvt Ltd, 303 Embassy Centre, Nariman Point, Bombay 400021 (ToI - 29.4)
- CHIEF EXECUTIVE (Projects) * Chandigarh * *Sal* NS * *Age/Qlfn* NS * Chemical engineer * *Reqd* 15 years experience in implementation of large-scale chemical/petro chemical projects * *Cont* Price Waterhouse, B-102 Himalaya House, 23 Kasturba Gandhi Marg, New Delhi 110001 (ToI - 29.4)
- GENERAL MANAGER (Finance) * Bombay * *Sal* Rs.100,000 + car + housing * *Age/Qlfn* 35-40 years * CA with an additional qualification in cost accounting * *Reqd* At least 10 years relevant experience in accounting and taxation * *Cont* The Vice-President (Finance), Johnson & Johnson Ltd, 30 Forjett St, Bombay 400036 (H - 4.5)
- VICE-PRESIDENT * Maharashtra * *Sal* Negotiable * *Age/Qlfn* 40-50 years * CA/MBA/Engineer * *Reqd* Should have at least 20 years plant level experience in the engineering/heavy process industry * *Cont* Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (HT - 30.4)

NATIONAL

- GENERAL MANAGER (Technical) * NS * *Sal* NS * *Age/Qlfn* NS * Chemical engineer * *Reqd* At least 15 years experience in large continuous chemical plants, preferably in carbon black manufacturing plant * *Cont* Aims Management Consultants, 42 Veer Nariman Road, Bombay 400023 (HT - 3.5)

WEST

- VICE-PRESIDENT (Finance) * Bombay * *Sal* NS * *Age/Qlfn* 35-45 years * CA * *Reqd* 15 years experience of which 5 at senior level * *Cont* The Managing Director, Air Freight Ltd, Neville House, Currimbhoy Road, Ballard Estate, Bombay 400038 (ToI - 29.4)
- GENERAL MANAGER (Compressors) * Baroda* *Sal* NS* *Age/Qlfn* Around 40 years * Mechanical engineers with PG in production and/or industrial engineering * *Reqd* 15-18 years experience of which 10-12 years in compressors manufacture for A/Cs and refrigerators * *Cont* Chemendra K. Verma, Management Productivity System, P.B. No. 9313, Bombay 400036 (BI - 29.4)
- DEPUTY GENERAL MANAGER * Bombay* *Sal* Excellent * *Age/Qlfn* 35-40 years * Preferably CA * *Reqd* 5-7 years relevant experience at senior level * *Cont* DGC/BOM/1184, D.K. Tandon, GM, ABC Consultants Pvt Ltd, Embassy Centre, Nariman Point, Bombay 400021 (ToI - 29.4)
- CHIEF EXECUTIVE * Saurashtra * *Sal* NS * *Age/Qlfn* 35-45 years * NS * *Reqd* 10 years experience in successfully managing vanaspati/edible oil complex in Saurashtra * *Cont* Box J935-S, Times of India, Bombay 400001 (ToI - 29.4)
- VICE-PRESIDENT * Eastern Maharashtra * *Sal* NS * *Age/Qlfn* 40-50 years * CA/MBA/Engineer * *Reqd* Over 20 years plant level experience in the engineering/heavy prices industry * *Cont* CMP/A-2076, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 29.4)
- GENERAL MANAGER (Sales) * Gujarat * *Sal* NS * *Age/Qlfn* 40 years * Chemical engineer preferably with MBA * *Reqd* 15 years relevant experience * *Cont* CMS/DEL/1206, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place, New Delhi 110019 (BI - 3.5)

NORTH

- GENERAL MANAGER (Press Operations) * Delhi* *Sal* Attractive + perks * *Age/Qlfn* NS * Graduate/diploma in printing technology * *Reqd* 15 years experience at senior level in printing department of newspaper/magazine * *Cont* The General Manager, The Times of India, 7 Bahadurshah Zafar Marg, New Delhi 110002 (ToI - 29.4)

SOUTH

- GENERAL MANAGER (Sales) * Madras * *Sal* Age/Qlfn 40 years * NS * *Reqd* Should have at least 20 years work exprience of which 10 should have been in the consumer durables market* *Cont* The Managing Director, TVS Whirlpool Ltd, Jayalakshmi Estates, 8 Haddows Road, Madras 600006 (HT - 22.4)
- GENERAL MANAGER (EDP Systems) * Madras * *Sal* Attractive * *Age/Qlfn* 35-45 years * Graduate in computer science plus PG in systems management * *Reqd* 10-20 years experience in computer functions, preferably from leading business houses of which 5 as head of computer department * *Cont* A. Mathrubootham, Director, Human Resources Consultancy Group, No.2 Velu Street, W.Mambalam, Madras 600033 (BI - 29.4)
- VICE-PRESIDENT (Legal) * Madras * *Sal* Excellent * *Age/Qlfn* 40-45 years * Law graduate with ACS qualification * *Reqd* Senior level experience * *Cont* MS/4402, A.F. Ferguson Associates, P.B. No 1261, Madras 600034 (BI - 29.4)

EAST

- CHIEF PERSONNEL MANAGER * Rajgangpur, Orissa * *Sal* NS * *Age/Qlfn* 45 * Graduate/PG with liberal arts/commerce background * *Reqd* 20 years of industrial experience of which at least 15 in the personnel/HRD departments * *Cont* MS/4992, A.F. Ferguson Associates, Hansalya, Barakhamba Road, New Delhi 110001 (S - 1.5)

  WHOLE TIME DIRECTOR (Engineering Unit) * Timukia, Assam * *Sal* Rs.2.5 lakh + house + perks * *Age/Qlfn* 40-45 years * NS * *Reqd* Experience of managing a sizeable engineering unit independantly * *Cont* WDT/BPA/3075, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3 Hazra Road, Calcutta 700019 (BI - 29.4)

OVERSEAS

- GROUP FINANCIAL CONTROLLER * Tanzania * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* 7-10 years experience in leading industrial establishments * *Cont* Jayesh Shah, Sea Princess Apartment, Juhu Tara Road, 3rd Floor, Opp. Butler Restaurant, Juhu Scheme, Bombay 400049 (ToI - 5.5)
- GENERAL MANAGER * Muscat * *Sal* Above Rs.60,000 pm + perks * *Age/Qlfn* 45-55 years * NS * *Reqd* Relevant knowledge in general management, fabric construction and finishing * *Cont* The Chairman, Oman Textile Mills, C/o Oman International Sanik, 1A Mittal Court, Nariman Point, Bombay 400021 (ToI - 5.5)
- MANAGING DIRECTOR (Food Processing) * Nigeria * *Sal* Around Rs.3.5 lakh pa + perks * *Age/Qlfn* NS * Managerial qualifications * *Reqd* 10 years field experience in trading and marketing * *Cont* (MS-2143), S.B. Billimoria & Co, Meher Chambers, 2nd Floor, Nicol Road, Ballard Estate, Bombay 400038

Executive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

SALES MANAGER * Delhi/Faridabad * *Sal* NS * *Age/Qlfn* * Engineer * *Reqd* At least 6 years relevant experience in automobile industry * *Cont* Code:9130, Mantec Consultants P Ltd, 805 Vishal Bhavan, 95 Nehru Place, New Delhi 110019 (HT - 23.4)

COMMERCIAL MANAGER * Calcutta * *Sal* NS * *Age/Qlfn* 35-45 years * Technical background * *Reqd* 4-5 years experience as senior materials executives * *Cont* Director (Operations), Electrosteel Castings Ltd, 4 BBD Bag (E), Calcutta 700001 (S - 26.4)

HEAD OF PERSONNEL * Baroda * *Sal* NS * *Age/Qlfn* 40-45 years * Appropriate qualifications * *Reqd* 15 years industrial experience in human resources management * *Cont* R.Banerjee, Consindia Pvt Ltd, Anand Ashram, 2nd floor, 22 Pandita Ramabai Road, Gamdevi, Bombay 400007 (ToI - 29.7)

ASSISTANT FINANCIAL CONTROLLER * Delhi * *Sal* NS * *Age/Qlfn* NS * CA * *Reqd* 10 years experience in an engineering/process/consumer product company * *Cont* The General Manager (Corporate), Indian Shaving Products Ltd, 34 Okhla Industrial Estate, New Delhi 110020 (ToI - 29.4)

REGIONAL EXPORT MANAGER * Dewas * *Sal* NS * *Age/Qlfn* Below 30 years * MBA (Marketing) * *Reqd* 5 years experience in exports, preferably automotive parts * *Cont* The Personnel Manager, Gaira Bevel Gears Ltd, Industrial Area, A.B. Road, Dewas 455001 (MP) (ToI - 29.4)

MARKETING MANAGER (Agro) * Bombay * *Sal* NS * *Age/Qlfn* 30-40 years * M.Sc. or Ph.D in agricultural sciences * *Reqd* 5-10 years experience in related field * *Cont* General Manager (P&A), Indofil Chemicals Company, P.B. 912, Bombay 400025 (ToI - 29.4)

MANAGER (Finance) * New Delhi * *Sal* NS * *Age/Qlfn* NS * CA/ICWA/MBA (finance) * *Reqd* 7-8 years experience in the above functions * *Cont* Vice-President (Corporate Personnel), Mane India Ltd, Devika Towers, 6 Nehru Place, New Delhi 110019 (ToI - 30.4)

MANAGER (New Products) * Bombay * *Sal* Good * *Age/Qlfn* Around 35 years * Electrical/Electronic engineer * *Reqd* 10 years industrial selling experience * *Cont* Vice-President (Personnel), The Standard Batteries Ltd, Vakola, Santacruz (E), Bombay 400055 (ToI - 30.4)

EXPORT MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 35-40 years * Preferably engineer with PG in exports marketing * *Reqd* 5 years experience as export manager level * *Cont* First Metropolitan Exports, 112 Maker Chambers VI, Nariman Point, Bombay 400021 (ToI - 30.4)

MARKETING BUSINESS MANAGER * Bombay * *Sal* NS * *Age/Qlfn* 30-40 years * MBA, science or pharmacy graduate * *Reqd* 6-10 years experience in sales product management or total marketing management * *Cont* Box J390-S, Times of India, Bombay 400001 (ToI - 30.4)

MAINTENANCE MANAGER * Aligarh * *Sal* Around Rs.75,000 pa + benefits * *Age/Qlfn* Below 35 years * Degree in mechanical/electrical engineer or engineers certificate of competency (motor) * *Reqd* 8 years experience in maintenance of process/packaging equipments * *Cont* Corporate Personnel Department, Glaxo India Ltd, Dr. Annie Besant Road, Worli, Bombay 400025 (ToI - 30.4)

PROJECT LEADER * Baroda * *Sal* NS * *Age/Qlfn* NS * Electronics engineer * *Reqd* 8-12 years experience with sound technical knowledge of electronic hardware * *Cont* Senior Manager-HRD, Asea Brown Beveri Ltd, Brown Beveri House, Race Course Circle, Baroda 390007 (ToI - 30.4)

- PLANT MANAGER * Thane * *Sal* NS * *Age/Qlfn* Less than 40 years * PG in chemical engineering/chemistry * *Reqd* Minimum 10 years hands-on experience of which 5 at senior level in the dyestuffs/organic chemicals industry * *Cont* Director (Administration & Personnel), Colour-Chem Ltd, Ravindra Avenue, 194 Churchgate Reclamation, Bombay 400020 (ToI - 30.4)
- PROJECT MANAGERS * National * *Sal* NS * *Age/Qlfn* 35 years * Graduate engineers from IITs/BITS, Pilani * *Reqd* 10-12 years experience with reputed companies engaged in construction activities * *Cont* Utility Engineers (I) Ltd, 16 Shopping Centre, Panchsheel Park, New Delhi 110017 (HT - 30.4)

OVERSEAS

- SALES MANAGER (Garments/Textiles) * Rwanda, Central Africa * *Sal* US $ 8,000 pa * *Age/Qlfn* NS * Preferably post graduate qualifications in management * *Reqd* 5-8 years experience in sales/exports of garments/textiles * *Cont* PM/F-429, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 5.5)
- WORKS MANAGER (Plastics Moulding) * Nigeria-Lagos * *Sal* US $ 15,000 pa * *Age/Qlfn* Around 35 years * Mechanical engineer with qualification in plastic technology * *Reqd* Fully conversant with operation of latest equipment * *Cont* S.C. Seth, Kishinchand Chellaram Pvt Ltd, Gazdar House, 3rd Floor, 629-A Jagannath Shankar Shett Marg, Bombay 400022 (ToI - 5.5)
- SALES MANAGER * Oman * *Sal* Rs.18,000 pm + perks * *Age/Qlfn* 30-35 years * MBA * *Reqd* 4-6 years experience in managing retail distribution network * *Cont* J.M. Mehta & Co, 36 Oasis, Near Municipal Market, Vakola, Santacruz (E), Bombay 400055 (ToI - 28.4)
- PROJECT MANAGER * Kenya * *Sal* Attractive * *Age/Qlfn* 35-45 years * Mechanical engineer * *Reqd* 10 years experience in sugar industry * *Cont* (CMP/F-4210) Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 28.4)
- MANAGER (Finance, MIS & Corporate Planning) * Singapore * *Sal* Good + perks * *Age/Qlfn* 28-32 years * CA/MBA (Finance) * *Reqd* 6 years experience in finance & MIS in established organisations * *Cont* The Right Connection, 3 National House, 1st Floor, 27 Raghunath Dadajee Street, Near Old Handloom House, Bombay 400001 (ToI - 28.4)

VICE-PRESIDENT

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We are looking for an outstanding leader with proven commercial acumen and a solid reputation in man-management. He will be a CA/MBA/engineer or have a good university degree with over 20 years plant-level experience in the engineering/heavy process industry. Accent is on sound general management capabilities rather than a functional specialization. Some experience as a cost centre head in a manufacturing complex employing over 500 personnel is necessary. Age Group 40-50.

The position is based at plant located in a district headquarter town of Eastern Maharashtra which has reasonably good educational, medical and other facilities/infrastructure.

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GROUP VICE PRESIDENT – PERSONNEL

The Company: The Murugappa Group has a commitment to excellence in diverse business activities including Fertilisers and Farm Inputs, Confectionery and Food Processing, Ceramics and Building Materials, Cycles and Metals, Engineering, Electronics, Abrasives, Financial services, Plantations and Tea Manufacture and Exports. Some of the companies in the group include EID Parry, Tube Investments, Carborundum Universal and CWS (India) Ltd. The group turnover is about Rs. 800 crores.

The Job: The individual companies in the group have their own management set up including Personnel. The overall policy is decided by the Top Management Team reporting to the Chairman. The incumbent will be part of the Top Management Team, with total responsibility for all aspects of human resource management for the Group. He will provide advice, guidance and directions in formulating and implementing Human Resource policies and programmes to achieve the demanding corporate plans in the various group companies.

He will provide advice and guidance to a team of senior professionals heading the Personnel functions of the individual companies. He will also develop a Corporate Management Development Centre to cater to the needs of all managers in the group. This task will involve creative effort in building a new institution.

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Compensation offered will be comparable with the best in the country.

Please apply in strict confidence to:

Ms. Pratibha Sheth
Executive Director,
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P.O. Box No. 9386,
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THE PRESIDENT

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CLEA

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Age	:	Around 40-45 years.
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Age	:	30-35 years.
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ARIES:T: 9901

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Khoday Group of Industries need the following Staff for a Malting located in a district town in Madhya Pradesh, being run under their family trust called "L K TRUST".

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The candidate could be from the Mechanical Engineering stream or from the Chemical Engineering stream. He should have functioned independently as a 'Chief Executive' of a Malting and should be familiar with all aspects of Quality Control, Processing and Maintenance of the Malting.

Only those who have an experience of atleast 15 to 20 years in a Malting, out of which 5 years should be as a 'Chief Executive' need apply.

QUALITY CONTROLLER – MALSTER

The candidate should be experienced in the selection of 'Barley' for Malting. He should have full knowledge of Drying, Storage, Germinative Capacity and Viability of Barley. He should be able to assess the quality of Barley at the time of intake. He should be able to grade the Barley Malt. He will run a 'Quality Control Laboratory' at the Malting as well.

Person with atleast 7 to 10 years of experience as a 'Quality Controller' at a large Malting need only apply.

MANAGER PROCESSING

He should be qualified in Barley Processing with full knowledge of 'Steeping', 'Germination' and 'Kilning'. He should have handled the process of converting Barley into Malt for Distillery Industry and Brewery Industry.

Persons with atleast 7 to 10 years of experience as Manager Processing only need apply.

MAINTENANCE ENGINEER

A qualified Mechanical Engineer having full knowledge of the working of a Malting, with a minimum experience of about 10 years in a large Malting need apply.

ADMINISTRATION CUM PERSONNEL MANAGER

He should have full knowledge of the administrative procedures connected with a Malting as also the Personnel Management of a unit with a strength of approximately 60.

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A qualified Accountant with a minimum of 5 years experience as an Accountant need only apply.

Compensation for these assignments will be in accordance with the qualifications of the candidate and will be the best in this Industry in India.

Applications should be sent within 10 days addressed to Post Box. No. 9953, Bangalore-560 009. Please superscribe your envelope and application with the code MALTEXEC

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As part of its expansion programme, **NATH SEEDS** is now setting up in Aurangabad a Rs. 25 Crores Fruit Processing Unit to cater to the export/domestic market for which the following Senior Personnel are required.

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The position carries total profit-centre responsibility encompassing operations, marketing (including exports) and growth. The job entails setting up, from scratch, a fruit processing unit whose products should be capable of meeting exacting international standards. This calls for a "live-wire" personality with a strong techno-commercial orientation and a proven track record in project execution. **The incumbent will have full freedom to evolve and execute strategies to achieve agreed corporate goals.**

Aspirants should be graduate engineers/food technologists, in their early 40's, with over 10 years experience in the food/fruit processing industry **of which at least 3/4 years should have been at the Chief Executive or Functional Head level.**

PRODUCTION MANAGER — AURANGABAD

This position reports to the Chief Executive and carries total responsibility for all technical and related administrative aspects of the production activity.

The ideal candidate would be around 35, and should be a formally qualified food technologist/ graduate engineer, **with at least 5 years of experience in setting up and/or running a fruit processing unit.**

MARKETING MANAGER — AURANGABAD

The incumbent will head the marketing division and report to the Chief Executive. He will be responsible for identifying export/domestic markets, formulation and implementation of marketing plans, designing marketing strategies and supervising and controlling the marketing operations.

The ideal candidate would be around 35 with an MBA from a reputed institute and have about 10/12 years of marketing experience **of which at least 5 years should have been in domestic/export marketing of food products.**

The compensation, working environment and growth opportunities offered by the organisation are designed to attract and retain the best talent available.

Please send your detailed resume, including salary drawn/expected alongwith a recent passport size photograph & mentioning 2 non-relative references to :



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management productivity systems
post box 9313
bombay 400 036.

A leading multinational pharmaceutical Company, known for its strong international R & D base and manufacturing fine chemicals and drugs, is looking for an outstanding executive for appointment as General Manager – Management Accounts at its Head Office in Bombay.

General Manager

MANAGEMENT ACCOUNTS

ATTRACTIVE SALARY + CAR, HOUSING AND OTHER EXCELLENT PERKS AND RETIREMENT BENEFITS

BOMBAY

The successful candidate will report to the Vice-President – Finance and will be responsible for Product Pricing, Stock Control, Project Evaluation, Post Evaluation of Capital Expenditure, Profit Improvement Plans, Compliance of Cost Audit rules and regulations, developing Cost data, etc.

The successful candidate should be a member of the Institute of Cost and Works Accountants and should necessarily possess experience in a senior position in the Costing Department of a reputed manufacturing company. He should possess good experience in the operation of integrated standard costing & budgetary control system with indepth analysis of variances to facilitate corrective actions by line management. Experience in Drugs & Pharmaceutical Industry with particular reference to Government Price Control Regulation will be most desirable. He should be around 35 years of age, with a minimum of 10 years experience in the Costing Department.

THIS IS A SENIOR POSITION AND THE COMPENSATION PACKAGE IS DESIGNED TO ATTRACT THE BEST AVAILABLE TALENT. FUTURE PROSPECTS ARE EXCELLENT.

Applications, superscribing the above post on the envelope, with full bio-data and stating qualifications, experience, details of present compensation should be sent to Box No AA/344/WB/3, **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001 within 15 days from this date.

NIVEA

J.L. MORISON (INDIA) LTD.

We are a fast growing, professionally managed organisation engaged in the manufacture and marketing of Health and Personal Care products in collaboration with Smith + Nephew Plc., U.K., and Dr. Wild & Co., Switzerland.
The Company is led by a team of professional managers operating in a dynamic environment.
The Company has an extensive national sales network and ambitious plans to significantly increase sales turnover, market share and profitability.
To achieve this we want to add to our team

GENERAL SALES MANAGER

LOCATION: BOMBAY

REPORTING TO: PRESIDENT-MKTG

Responsibilities will include product planning and development, evolving aggressive sales strategies and policies, development of distribution and retail channels by guiding and leading a group of Branch Managers and their sales teams.
The applicant should preferably be an MBA from a premier institution with around 10 - 12 years of experience of which at least three years at a senior management level in sales of consumer non-durables and hospital products. Desired age: 32 - 37 years.

BRANCH MANAGER

DELHI AND CALCUTTA

(2 POSITIONS)

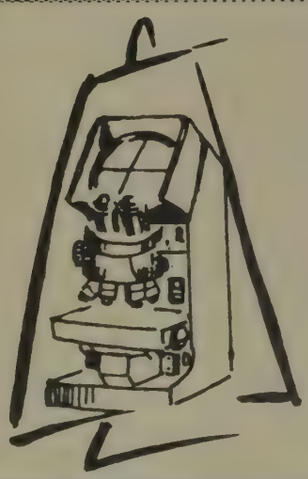
The Branch Manager will be a Profit Centre Head of the North/East region operations, reporting to the General Sales Manager/ President-Marketing. He will be assuming responsibility for motivating a team of Sales Managers, Executives and Officers for implementing sales strategies. He will execute and control various functional aspects of sales, finance and administration for the region as a whole.
The applicant should preferably be an MBA from a premier institution with around 8 - 10 years of experience of which at least 2 years at a senior management level in sales of consumer non-durables and hospital products. Desired age: 30 - 32 years.

Conceptual skills coupled with rich field experience and a fierce determination to succeed in a highly competitive environment would be essential prerequisites for all the above positions.
The job offers long term career prospects with attractive salary and perquisites comparable with the best in the industry.
Apply in strict confidence within 15 days with detailed bio-data and photograph to:

Mr. G W Shaw
President Marketing
J L Morison (I) Ltd.
"Crystal", 79, Dr. A B Road
Worli, Bombay - 400 018.

SYNTHETIC SPINNING MILLS TECHNOLOGISTS/ RESEARCHERS, ATTENTION:

HERE IS AN OPPORTUNITY FOR YOU.



A South Gujarat based Spinning Mills (Synthetic Blends & Cotton) needs:

DEPUTY GENERAL MANAGER

(Research & Development)

REMUNERATION: UPTO

RS. 2 Lacs + Perks.

QUALIFICATIONS: Textile Technologist

+ specialisation in Spinning.

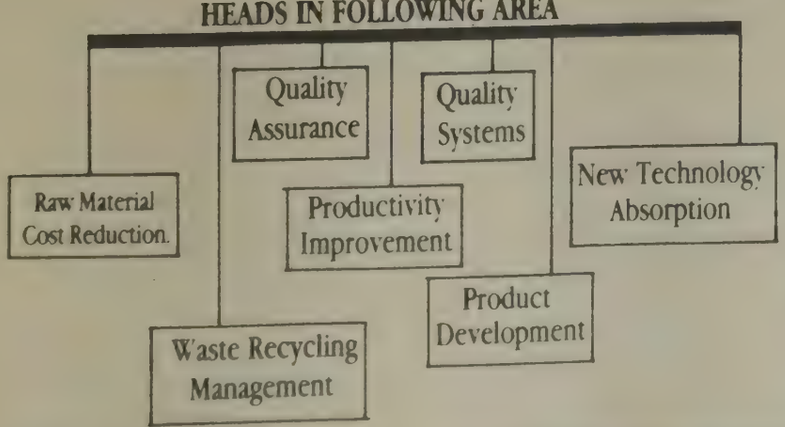
Preferably M.Tech. or Ph.D.

Reporting to Directors

AGE: 40 +

EXPERIENCE: 10-15 yrs. in a modern R&D department of Synthetic Spinning Mills.

HEADS IN FOLLOWING AREA



JOB:

- Raw material cost reduction. Ensure good quality of finished product though material input costs are controlled.
- Productivity improvement to consistantly study to improve speeds & reduce wastages.
- Quality Systems: To set shop-floor systems to improve quality.
- Quality Assurance: Monitor the Q.A. cell on behalf of the Chief Executive.
- Waste Recycling: To develop profitable products & by-products from soft-usable wastes & hand-wastes, extent possible.
- New Technology Absorption: To carry out studies on new machines & aid management to take purchase decision.
- Product Development: Development of new yarns etc.

MAN: Should have similar exposure in a senior managerial position in R&D of well managed Spinning Mills/Research Institute – IIT/BITRA/ SITRA etc & had physically contributed at least for 5 years of 10-15 years experiences.

Suitable candidates are to send their detailed resume + photograph in strict confidence, in 15 days hereof:

To:

The Chief Consultant
P.O. Box: 11747
Bombay 400 021

पारादीप फॉसफेटस लिमिटेड Paradeep Phosphates Ltd

(भारत एवं नौरु सरकार का संयुक्त उपक्रम)

(A JOINT VENTURE OF GOVERNMENTS OF INDIA AND NAURU)

Paradeep Phosphates Limited (PPL) is a joint venture of Governments of India and Island Republic of Nauru. The plant is located at Paradeep (Orissa) with an investment of about Rs. 600 crores and is designed to produce per year 7,20,000 MT DAP, 2,25,000 MT of Phosphoric Acid, 6,65,000 MT of Sulphuric Acid with a Captive Power Plant of 32 MW. The Company's product is marketed in ten states from Jammu & Kashmir in the north to Andhra Pradesh in south and Maharashtra in the west to West Bengal in the east. The Company is a result oriented organisation and is on look out for well qualified, experienced and talented professionals in following Disciplines.

Sl. No.	Post	Scale of pay (Rs.)	Maximum age limit
1.	**Dy. General Manager (Production)**	3000-100-3700	48 Years
2.	**Sr. Manager (HRD)**	2680-80-3320	45 Years
3.	**Maintenance Manager (Instrumentation)**	2400-75-3000/ 2140-70-2700	40 Years
		(Scales of pay under revision)	

DETAILS OF QUALIFICATION & EXPERIENCE

Post at S. No. 1. Degree in Chemical Engineering from a recognised/reputed Institution with 20 years experience in a large Fertilizer and Chemical industry. Candidates having experience in operation of Plants manufacturing Di-Ammonium Phosphates, Sulphuric Acid, Phosphoric Acid and its auxiliaries would be preferred. Candidates should have 2 years experience at the level of Senior Manager in the scale of Rs. 2680-80-3320 or equivalent.

Post at S. No. 2. Engineering Graduate, preferably with Diploma in Training and Development from a recognised Institution with 16 years experience out of which atleast 2 years in the grade of Rs. 2400-75-3000 or equivalent in Training, Career Development, Organisational Development and other related aspects of HRD.

Post at S. No. 3. Degree in Electrical/Electronics/Instrumentation Engineering or equivalent from a recognised University/ Institution with 14/12 years experience in system design, preparation and finalisation of P&I Diagram, Detail Engg. Procurement, Erection, Testing, Commissioning, Maintenance of pneumatic and electronic process control instruments used in Heavy Chemical /Fertilizer/Petrochemical Industries/Power Projects. Clear concept of distributed control system using microprocessor based electronic instrumentation with electrical actuators is essential. In addition to above, the incumbent should have practical experience in modern maintenance and condition monitoring systems. Should have worked at least for 2 years at middle management level preferably in the scale of Rs. 2140-2700/1890-2430 or equivalent respectively.

GENERAL CONDITIONS

1. In addition to pay the posts carry Adhoc Relief, VDA (Industrial DA pattern) as applicable to Executives of Public Sector Undertakings.
2. The posts carry fringe benefits like Subsidised Accommodation in township, Reimbursement of Conveyance Expenses, Leave Travel Concession, CPF, Gratuity, Group Insurance, Medical Benefits etc. as per Company rules.
3. Applications of employess of Govt./Quasi Government/State/Public Sector Undertakings, should be routed through proper channel or candidates will have to produce "No Objection Certificate" at the time of interview.
4. **In case of SC/ST candidates, maximum age limit shall be relaxed by 5 years and no IPO is necessary.**
5. Typed application in tabulated form giving details of :
   1. Post applied for, 2. Name, 3. Address, 4. Date of Birth, 5. Educational Qualifications (a) Examinations passed (b) % age of marks obtained, 6. Experience (commencing from present employer) (a) Post held (b) Name of the employer (c) Period (d) Duties & responsibilities (e) Last salary drawn (f) Salary expected, 7. Whether belongs to SC/ST, should reach the **DEPUTY GENERAL MANAGER (P&A), PARADEEP PHOSPHATES LIMITED, P.O. : PARADEEP–754145, DIST - CUTTACK accompanied with Indian Postal Order of Rs. 8/- drawn in favour of Paradeep Phosphates Limited latest by May 23, 1991.**
6. Incomplete applications are likely to be rejected.
7. In case of exceptionally qualified and experienced candidates the Company may relax the eligibility.
8. Candidates called for interview shall be paid to and fro fare as per the rules of the Company.

PLEASE MENTION POST APPLIED FOR ON TOP OF THE ENVELOPE

Mikado®
Means Quality

MIKADO GROUP OF COMPANIES

NEEDS MANAGERS

MIKADO a multi unit Company in the business of manufacture and marketing of synthetic yarn & textiles, has maintained a steady growth at the rate of 30%. The strategic plan under implementation aims at achieving Rs. 100 crore turnover by 1993. MIKADO invites you to join its young management team if you can contribute to its drive for "Excellence".

Production Planning & Quality Management

A qualified textile professional with a minimum of 10 years experience in all aspects of production – planning and quality management will qualify for the position. Reporting to Executive Director operations, he will be responsible for design and implementation of production planning and quality management system, in all the units of the group.

Marketing

Graduates with innovative marketing capabilities and having atleast ten years experience in marketing and selling of synthetic textiles will meet the position requirement. The position reporting to Executive Director Marketing is a stepping stone for higher responsibilities.

Accounts & Budgetary Control

A Chartered Accountant conversant with tax laws, computerised accounting, management reporting systems and having around 8 years industrial experience at a supervisory level will be suitable for the job. The position reports to Executive Director, Finance & Administration.

Human Resource Management

Professionally qualified candidates with around ten years of experience in selection and development of personnel should apply with details of their achievements in implementing HRD Strategies. The candidates having experience in personnel administration will be preferred. The position reports to Managing Director of the Group.

Systems & MIS

The job incumbent will be responsible for implementing the EDP Strategy of the Company which includes design and development of computerised systems for all functional areas, MIS and systems integration amongst different units. Candidates with relevant experience should apply with full particulars.

All the positions are Bombay based and compensation package will be negotiable.

Apply in confidence to the Managing Director

SHREE SHYAM SUITINGS LTD.

106, Unique Industrial Estate, Chakala Road,
Andheri (East), Bombay 400 099. Tel: 6300374 • 6329714

The Company with EXCELLENCE as its mission

Sobhagya-91

Indian Express is India's second largest publishing group. Besides publishing 'Indian Express', India's largest selling English daily, the group also publishes 20 other newspapers and magazines in 7 languages. The group's turnover is over Rs.150 crores. It has printing plants in 15 cities and its marketing offices are situated in 28 cities spread throughout the country. With over 10 million readers, the group has one of the largest marketing and distribution networks in the country. Indian Express now requires a Branch Manager for Ahmedabad.

Ahmedabad

Branch Manager

Rs.1,00,000 p.a. + Benefits + Vehicle

The Express group has two dailies published from Ahmedabad. Indian Express and Loksatta-Jansatta a gujarati daily. In addition a gujarati magazine Rangtarang is also published from Ahmedabad. The Ahmedabad branch employs approximately 100 people.

The Branch Manager will be in charge of the Express operations at Ahmedabad as an independent profit centre and will be responsible for all publications published from Ahmedabad.

In publishing, there are four key areas of responsibility. Editorial, Operations Distribution and Space Marketing.

The Branch Manager will be responsible for co-ordination with the resident editors of the group's publication and ensure that the publications are published, day in and day out.

On the operations front, the Branch Manager will, in conjunction with the Works Manager be responsible for procurement of materials, inventory control and preventive maintenance of plant and machinery.

Newspapers are the most widely distributed consumer products in the country. Obviously the logistics of distribution are daunting. A key area of responsibility, is distribution. Not just ensuring efficient distribution of the product, but expanding the distribution network. In this task the Branch Manager is assisted by the Circulation Manager.

The cover price of a newspaper does not even cover the direct variable input cost of the newsprint which goes into it. This is true for all publications. Obviously therefore revenue from advertising is essential to any publication's finances. The Express group sees this as an area where substantial improvements can and have to be made. In this task, the Branch Manager will be assisted by the Advertising Manager.

The job requires a person of many facets. He should be mature and diplomatic enough to handle daily co-ordination with resident editors. On the operations front, he has to be a tough taskmaster to ensure that everything goes

right between 11 p.m. and 3 a.m. (the time when newspapers are printed), 358 days of the year. Newspaper distribution requires logistics comparable only to moving an army, except that you have to do it daily. And space marketing requires not only marketing acumen and strategic planning but also excellent PR, for a lot of advertising is still solicited and obtained because of PR.

The Branch Manager will report to the Regional Manager. The Press Superintendent, Circulation Manager and Advertising Manager will report to the Branch Manager.

The job is challenging and this is not a cliché. But it is satisfying. The satisfaction of being in the middle of where things are happening. The fact of being a part of the core group of people who shape and mould public opinion. The opportunity of looking back in your twilight years as not just having contributed to your company but having the satisfaction of contributing to the nation. These and lots more are the real compensations of the job.

In return the group promises you an excellent working environment with no interference as long as you are producing results. The group has ambitious expansion plans. Both in publishing and the newer technologies that are changing the face of publishing as we know it. Which means that if you do a good job as a Branch Manager, the chances are that you won't have the job for long. You would be promoted to tackle bigger things and greater challenges.

To qualify for consideration, you would have to be a post graduate in management in the age group 30 to 40. A basic degree in engineering would help, though Express are not particular about it. What they insist on is that you have spent the last three to five years successfully as a Branch Manager. In a large (read as Rs.100 crores plus) company. You should be in direct charge of operations of not less than Rs. 5 crores. And while Express would prefer people with exposure to publishing, they are equally keen on looking at people from the consumer goods industry. Also you should not just be a specialist in marketing or production but a well rounded generalist. Express are looking for clear winners. There is no room for people who are blaming their current organisation for their failures. And while your track record may not be blazing, it should be impeccable. Express as an organisation has people who are concerned with results, even if they have to resort to unconventional means of achieving the goal and you should be comfortable with this style.

If you feel that you will fit the bill, write to Vaneet Chhibber, Regional Manager at Janasatta Bhavan, Mirzapur Road, Ahmedabad 380 001. Or better still speak to him on 0272 353312. This is his direct line. Spend an evening with him and get to know more about Express and publishing. And then decide whether you want to do about your career. Are you satisfied with influencing the course of your company or do you want to be part of a group which is shaping a nation?



INDIAN EXPRESS

লোকপ্রভা
Lokaprabha

लोकसत्ता
Lokasatta

जनसत्ता
Janasatta

લોકસત્તા
Lokasatta Janasatta

SCREEN

Financial Express

தினமணி
Dinamani

சினிமா எக்ஸ்பிரஸ்
Cinema Express

ರಂಗತರಂಗ
Rangtarang

ఆంధ్రప్రభ
Andhra Prabha

સમકાલીન
Samakaleen

INDIAN EXPRESS

The truth involves us all

Nexus/INX/21a

TATA EXPORTS LIMITED

(Leather Complex)

Requires Manager R & D

The Company which is a Star Trading House has modern manufacturing facilities at its Leather & Leather Products Division at Dewas near Indore (M.P.). The Leather Complex is today a leading exporter of leather and leather products mainly to West European countries, USA, Canada, Australia, Hongkong and Japan.

The R & D set-up which is recognised by DST is engaged in process development, manufacturing development, development of new products and import substitution of leather chemicals. In recognition of its key role the R & D Unit is being strengthened with the addition of outstanding, high calibre and highly motivated professionals.

The successful candidate will head the R & D Department, report to Director (Operations) and will be accountable for the following key result areas:

— Setting up of a full-fledged R & D Laboratory to meet the requirements of Leather Complex taking into account the Company's Long Term Plan to market leather and leather products.
— Scientific support to our technical team for training of officers, supervisors and operators.
— Review the processes and practices in the manufacture of leather and leather products including identifying specific areas like cost reduction and quality improvement.
Documentation of processes, methods and standards.
— Review the testing facilities and help the Company set up a laboratory of international standards.
Quality standards for finished leather, shoe uppers, shoes, garments and chemicals.
Gearing for ISO 9000 quality system.
Review the Effluent Treatment facilities and processes adopted by the Company.
Examine the feasibility of economical recycling of treated water.
Handling and disposal of sludge and other solid waste.
Development of new non-polluting processes in leather manufacture.
— Scaling up and enlarging the manufacture of leather chemicals.
— Computer-aided colour matching system for dyeing leather in small lots.
— Research in the field of collagen.

The candidate should be a Post-graduate, preferably with a Doctorate in Chemical Engineering or Analytical/Organic Chemistry, and have 10 to 15 years R & D/Process/Product Development experience in a Process Industry. Opportunity would be offered to continue academic research.

This position is in the Company's Senior Management cadre and offers ample opportunities for growth and development. Apart from competence and flair for development, managing a highly motivated team is a key pre-requisite.

Interested candidates may kindly apply with full particulars, in strict confidence, within 15 days to:

Director (Personnel & Administration)
TATA Exports Limited
Block "A" Shivsagar Estates
Dr. Annie Besant Road, Worli Bombay-400 018.

A leading Petrochemical manufacturing Company, member of a group specialising in Chemicals, wishes to recruit senior marketing professionals. Group turnover is over Rs . 100 crores, targeted to cross Rs. 200 crores in two years. The Company has prestigious European collaborations and excellent plants. The Organisation is lean and result-oriented.

MANAGER - MARKETING : (Bombay)

Reporting to the Commercial Director . To manage sales as, head of Marketing for bulk Petrochemicals, Plasticizers, Plastic/ Paint Raw Materials. Will be required to re-organise and lead the Marketing effort. We want a qualified , highly motivated individual with at least 15 years of field and managerial experience (at least 5 years at senior managerial levels) in the selling of bulk Chemicals. Must be able to develop marketing strategies and execute them in a very competitive environment.

MARKETING/EXPORT MANAGERS CHEMICALS

MANAGER - EXPORT MARKETING : (Madras)

Reporting to the Commercial Director . To organise, manage and lead the group's Export drive, mainly in Chemicals and Paint / Resin Raw Materials. Job involves the full gamut of export related activities : to identify markets and customers, develop strategies, appoint local agents , achieve sales targets and all allied activities : customer support, commercial control , export procedures. We are looking for a mature and competent professional with at least 10 - 15 years of experience in export marketing (at least 3 - 5 years at senior levels). Qualifications in Export Trade and a background in Chemicals preferable (though not essential).

MARKETING EXECUTIVES : (Bombay / Calcutta)

To handle sales / marketing of Chemical products in Western / Eastern Zone respectively . Must have 5 - 10 years of experience in selling Chemicals / Plastics/ Intermediates.

The Company offers an attractive, result-oriented environment with good prospects of advancement. Apply in confidence, with all particulars, bio-data, remuneration details, references etc., to Post Box No. 1861, GPO, Madras - 600 001.

THE GRASS IS GREENER ON OUR SIDE



Come to the greener pastures of Wipro Systems. Possibly India's fastest growing Software company. 100% growth in gross revenues over last year. Export earnings have trebled. We have doubled our manpower and now have 250 professionals. We will double this again to 500 by March 1992.

We specialise in providing turnkey solutions to Clients all over the world. To this end we provide the flexibility to work on Systems/Communications or on Commercial Applications projects. Continuous training to enhance your expertise to keep you on par with international requirements. This is done through classroom and on-the-job training.

We have added an IBM AS/400 to our existing environment of Unix, LAN, SUN Sparcstations, etc. We are also acquiring HP, IBM workstations and an IBM Mainframe. We also propose to use satellite links to communicate with our overseas Clients.

We are self-directed, thrive on the challenges of hi-growth and believe in winning in whatever we do. Our future is getting greener and we are gearing up. We need:

SOFTWARE SPECIALISTS/PROJECT MANAGERS

Your role : You will be responsible for the profitable management of Software projects-from cost estimation to successful implementation. You will lead a team of highly-trained professionals. You will also travel abroad on exciting overseas assignments. Developing new business will be a significant feature of your job.

Your profile : You should be an engineer or CA or MBA with 3-10 years of software experience. You must enjoy the challenge of working in a high pressure environment both in India and abroad.

Your opportunities : Our Compensation and Benefit package is comparable to the best in the industry. You also have excellent opportunities for career advancement to group projects manager, manager in-charge of a line business or business development manager for any of our overseas offices. Your first posting will be in Bangalore.

Join us at Wipro Systems. Your future will thrive. Like green pastures.

Send your resume within 10 days to:
Manager—Human Resources
WIPRO SYSTEMS LTD
40-1/A Lavelle Road
Bangalore 560 001

WIPRO SYSTEMS
THE SOFTWARE PEOPLE

ONE THOUGHT

Our client is an excellent professionally managed 100% Export Company with a Rs. 50 Crore project in hand. The Company will be manufacturing high quality granite and other value added stone products to serve the markets of U.S.A., Japan, Europe and ASEAN countries.

We are looking at the core team to comprise of:

MANAGER – MECHANICAL ENGINEERING

The assignment will involve specifying, and selecting plant and machinery, a majority of which will be imported. The responsibility encompasses process engineering, plant layout, line balancing, utilities services and material handling.

We are looking at a Mechanical Engineer with 10 years experience in heavy mechanical engineering equipment with specialisation in hydraulics and pneumatics. Exposure to working with sophisticated stone cutting and polishing equipment would be preferred.

MANAGER – ELECTRICAL ENGINEERING

Complete responsibility of specifications, selection of plant and machinery, a majority of which will be imported. The incumbent will lay down systems of power supply, distribution and network. Import substitution, management of spares and maintenance would form an integral part of the job.

We are looking at a B.E. Electrical/Electronics with over 10 years of expertise in project planning and execution. Expertise in state-of-the-art process control equipment, PLCs, and CNCs, is a must.

MANAGER – EXPORTS

The assignment is to facilitate the marketing process – provide incisive inputs on export marketing by way of custom laws, rules and procedures. From the documentation stage to actual execution of all marketing orders will form a part of the job content.

We are looking at an accomplished M.B.A. with a civil/mechanical background. An empowered export marketing profile with ten years experience in a 100% export house of repute or light engineering firm, with indepth knowledge of transnational import and export procedures.

COMPANY SECRETARY

The assignment is to head the secretarial function. Management of a public issue, interact with financial institutions, RBI, would be the emphasis areas. The incumbent will be responsible for corporate taxation and optimisation of export benefits.

We are focussing at an accomplished business manager with a minimum of five years of relevant experience. A Company Secretary with a C.A. or I.C.W.A. background who adheres to exacting standards of performance is what we are looking for.

The remuneration packages are designed to attract the finest talent and the perks include housing, car etc.

Please contact us at 011-4625316, 692415 for further details or apply within seven days to:



Noble House
MANAGEMENT AND PLACEMENT CONSULTANTS
Post Box 3531, New Delhi-110 024

MAX

MAX INDIA LIMITED is a professionally managed and fast growing company with manufacturing and marketing interests in Chemicals & Bio-Chemicals, Fermentation, Packaging, Electronics and Pharmaceuticals.

To meet its expansion needs the company requires dynamic Finance and Secretarial Professionals at its Corporate Office in New Delhi.

MANAGER — FINANCE

RESPONSIBILITIES : The entire Accounts and Finance functions of one of the Business Groups including Financial Accounting, Costing & Budgeting, Working Capital Management, Banking, Indirect Taxation, MIS etc.

REQUIREMENTS : CAs/ICWAs/MBAs (with specialisation in Finance). 7 to 8 years experience in the above functions. Preference to those who have independently handled the accounting functions at a factory or Corporate Office.

MANAGER — MANAGEMENT ACCOUNTING

RESPONSIBILITIES : Budgeting System, Monthly Performance Evaluation, Variance Analysis, Short & Long Term Financial forecasts in a multi-business environment.

REQUIREMENTS : ICWAs/CAs/MBAs (with specialisation in Finance). 6 to 8 years experience in a similar function. Ability to work on Computers. Preference to those who have handled the costing & management accounting function at the Factory level for atleast 2 to 3 years.

ASST. MANAGER — ACCOUNTS

RESPONSIBILITIES : Accounts function at the Corporate Office or one of the Business Groups including Banking, Financial Accounting, Finalisation of Accounts and Audit.

REQUIREMENTS : CAs/ICWAs/MBAs (with specialisation in Finance). 3 to 4 years experience. Ability to work on Computers.

DY. COMPANY SECRETARY

RESPONSIBILITIES : Independently comply with Statutory requirements such as holding of Board Meetings, Annual General Meetings, Filing of Statutory Forms and Returns with the Registrar of Companies, Stock Exchanges etc. Knowledge of various legislation such as MRTP, Income Tax, Gratuity, PF, etc.

The position offers opportunity of independently handling the entire secretarial functions for one of the Business Groups.

REQUIREMENTS : ACS preferably with a LLB Degree. Fully conversant with the provisions of the Companies Act. 4 to 6 years experience. Adequate exposure to Share Accounting Procedures. Knowledge of computers.

Please apply within seven days in strict confidence to :

SUSHIL KHURANA
VICE PRESIDENT —CORPORATE PERSONNEL
MAX INDIA LIMITED
DEVIKA TOWERS
6, NEHRU PLACE,
NEW DELHI-110 019

digital

Digital Equipment India Limited is an affiliate of ***Digital Equipment Corporation, USA,*** *the leading worldwide supplier of Networked Computer Systems and Services. Digital offers a full range of Computing Solutions and Systems Integration for the entire enterprise - from Desktop to Data Centre.*

We require for our Sales & Marketing functions:

MANAGER-THIRD PARTY PROGRAMMES

Bangalore *(CODE: SM/116)*

You will be responsible for marketing DEIL's relationship models to software vendors, recruiting them into appropriate programs, negotiating agreements and business plans with them and hence significantly increase the market potential for DEIL's systems.

You should be a graduate, preferably with post graduate qualifications in Management, with 6-8 years of selling experience, preferably in the Computer Industry. Experience in managing indirect sales channels is a definite advantage.

MARKETING MANAGER-TELECOM INDUSTRY

Bangalore *(CODE: SM/117)*

You will be responsible for developing and executing strategies to market DEIL's products/services in the Telecom Industry.

You should be a graduate, preferably with post graduate qualification in Management, with 8-12 years of experience in Telecom Industry related activity. Exposure to computers will be an added advantage.

These positions carry attractive salary and benefits in line with the best in the industry.

Please apply, superscribing the envelope with the code and post applied for, within 10 days to :

Manager-Recruitment & Training
Digital Equipment (India) Limited
(an affiliate of Digital Equipment Corporation, USA)
92, Industrial Suburb
Yeswanthpur II Stage
Bangalore - 560 022.

India has Digital now



Naturally, most people will be suitably impressed when they hear about your new job at Spartek.

And not without reason.

The Spartek Group - which comprises Spartek Ceramics, Spartek Granites and Neycer Sanitaryware - is the unquestioned leader in the field of home beautification products.

The company is growing at an aggressive pace and is diversifying into new areas of home beautification products, accessing state-of-the-art international technology.

We have openings that offer excellent growth opportunities in a stimulating and demanding work environment. Chances are, you're the professional we're looking for.

PROJECT MANAGER

Candidate should be a Mechancial/ Chemical Engineer with 8 - 10 years experience in project management, preferably medium sized engineering projects. He must have in-depth understanding of licenses, site selection, factory infrastructure, lay-out planning and have thorough knowledge of legal requirements and procedures to be followed for new projects. He should be capable of finalising technical aspects with foreign collaborators in India or abroad. The posting will initially be in Madras and, later on, at project sites in South India.

PRODUCT MANAGER - 2

Candidate should be an engineer, with MBA from a reputed management stitution. Educational exposure abroad will an added advantage. He must have 3 - 5 ars experience in product management, eferably in a multi-national or marketing iven company. His communication skills ust be far above the ordinary. Posting will be Madras.

MATERIALS MANAGER

Candidate should be a first class aduate engineer with post graduate ualification in Materials Management and - 12 years relevant experience. He should ave a proven track record in materials anagement in an Engineering Company. He ill be responsible for purchase of bulk aterials, spare parts, liaison & vendor evelopment and should be capable of guiding motivated team in his department, regarding ommercial functions connected with imports nd indigenous sourcing. Posting will be in adras at the head office.

MANAGER/DY. FINANCE MANAGER COMPANY SECRETARY

Candidate should be a qualified hartered Accountant and a Company ecretary with about 7 years post qualification xperience in reputed organisations. The elected candidate will be ndependently responsible for all nancial, accounting, secretarial and ompany law matters of one of the roup companies.

COMMERCIAL MANAGER

Candidate should have a strong Finance/Materials Management/Commercial background with 10 - 12 years experience. Of this, at least two years should have been as a departmental head, managing non-technical functions, preferably in an engineering company. He should have in-depth knowledge of excise, sales tax, customs, export procedures and other economic laws. Posting will be in factories in South India.

PROFIT CENTRE HEAD - NEW VENTURE

Candidate should be an Engineer with an M.B.A.. He must have 7 - 8 years experience in the consumer durables/soft products industry. Candidates experienced in managing vendors for out-contracted products will be preferred. Exposure to the international markets will be an added advantage. The incumbent will be in charge of the Profit Centre operations all over India. He should also be capable of starting and managing similar ventures abroad.

The incumbent should be an innovative and radical thinker, in line with Spartek's ambitious growth plans.

Remuneration will not be a constraint for the right candidates and is above industry norms. Apply in confidence to:

The Group Personnel Manager,
Spartek Ceramics India Limited,
89/8, Santhome High Road,
Temple View Apartments,
Vth Floor, Madras 600 020.

SPARTEK
Ceramics India Limited



CEAT LIMITED

CEAT, an **RPG Enterprise,** stays at the leading edge of competition through excellence of people, policy and product. It provides a stimulating work environment for motivating professionals to achieve planned corporate objectives. The company is in the process of expanding existing operations and also adding new ventures – both in India and abroad. To further reinforce the team it needs an outstanding:

PROJECT MANAGER

Location: DELHI

who will assist in compiling and analysing data, preparing briefs of various proposals, projects and reports. He will interact with seniors of various group companies and help co-ordinate activities related to new units/projects/ assignments and be responsible for the same both in India and abroad.

He must have techno-commercial acumen and be able to work semi-independently, communicate effectively, establish rapport and manage relationships with people. He must be an MBA, age – around 35 years, with at least 10 years' relevant experience.

Remuneration will be commensurate with qualifications and experience.

Please mail your résumé within 10 days in strict confidence to:

Vice-President Group Personnel
CEAT Limited
463, Dr. Annie Besant Road
Worli, Bombay 400 025.

RPG ENTERPRISES

Blow Plast Ltd.

We are one of India's most successful marketing organisations, having pioneered and achieved leadership status in each of our 3 business lines; Moulded & Soft Luggage, Toys and Furniture. Our major brands V.I.P., Skybags, Leo and Moderna, already household names within India, are gaining popularity in International markets. The Company's turnover this year is poised to touch Rs. 150 crores. To meet the challenge of rapid growth, we need:

AREA SALES MANAGERS

Location: Major cities in India

Gross Salary: Upto Rs. 1 lac p.a.

The incumbent would hold independent charge and would be responsible for the achievement of sales and marketing objectives. The job entails strengthening of distribution channels, planning and executing local promotions and involvement in branch and depot administration. The position calls for leadership skills and analytical ability of a high order.

The right candidate would be below 30 years and already working in a comparable position in a professional marketing organisation in consumer/ institutional sales. He/she is likely to be a Management Graduate from a premier institution with at least 4 years field sales experience.

Candidates with lesser experience will be considered for the position of AREA SALES EXECUTIVES.

The Company offers an attractive compensation package, a professional yet informal work environment and excellent opportunities for career advancement linked to performance and potential.

Please apply within 10 days along with a structured resume giving full details of experience, salary drawn, etc. to:

Vice–President - Personnel,
BLOW PLAST LTD.
Post Box No. 9145, Bombay 400 025.

Clamar



Vadilal Industries Ltd., a Multi crore company, has the following vacancies at its corporate office at Ahmedabad:

MANAGER–HUMAN RESOURCES AGE. 33 to 40

The incumbent will successfully establish the HRD function from the scratch. The focus will be on developing and implementing policies aimed at bringing about a positive work culture, organisation analysis role definition, manpower planning, recruitment, training and development, performance appraisal, career planning, team building and organisational development. He will also provide broad outline for organisation's approach to IR matters.

Candidate should have 3 years experience at relevant level. He should be a post graduate in Personnel Management/ Behavioural Science from a premier institution.

MANAGER– CORPORATE PLANNING AGE. 33 to 40

The incumbent should be well conversant with long range planning, identification of new projects for corporate growth, evaluation of new project by quantitative techniques, post project appraisal and forecasting economic scenario and its likely impact on company's plans. He should have atleast 8–10 years experience and should be a CA / ICWA / MBA (Finance) preferably with a degree in engineering.

MANAGER–INTERNAL AUDIT AGE. 33 to 40

The incumbent should be able to plan and organise various aspects of internal audit and should be well conversant with modern trends in internal audit. He should have 10–12 years experience in audit with atleast 2–3 years at senior level. He should be a CA with good academic record.

DY. MANAGER– SECRETARIAL AND LEGAL AGE. 32–35

The incumbent should be able to handle secretarial and legal functions independently. He should have 7-10 years experience preferably in a reputed Public Limited Company. He should be ACS with 1st class degree holder in law.

The remuneration package offered will be in league with such senior positions.

Please address your applications in strict confidence, within 10 days to:

Managing Director
Vadilal Industries Ltd.
Vrundavan Complex, Memnagar, Ahmedabad 380052

Coopers & Lybrand is an international accounting and consulting firm operating in 110 countries through 700 offices. The firm employs an aggregate of some 65,000 partners and staff worldwide. We are geared to serving our clients, both public and private sectors, by providing cost effective solutions to their business problems.

CONSULTANTS

We believe in getting and keeping the best people and encouraging them within a challenging and stimulating environment. We are seeking professionals at Bombay in the following areas:-

BUSINESS PLANNING AND FINANCE

Applicants should be ACA/MBA/CFA with a minimum of 2 years experience and having working knowledge of personal computers. Preference would be given to applicants with an exposure to financial markets through previous experience in banking/merchant banking, financial institution or in the finance/planning function in the industry.

MARKET RESEARCH AND STRATEGY

Applicants should be Engineers with MBA or possess a post-graduate qualification in economics with a minimum of 2 to 3 years relevant experience in market research or corporate planning. Exposure to PC statistical/data base packages would be an advantage.

For both areas, applicants with an international degree or working experience and those with previous experience in management consulting in a reputed firm, will be given preference.

If you are tempted by a career of exciting, high profile work with rapid career advancement and an attractive compensation package, write with full details including current compensation to:

Coopers & Lybrand
Pvt. Ltd.
Shah House, 7th Floor,
Shivsagar Estate,
Dr. Annie Besant Road,
Worli, Bombay 400 018.

C&L

Coopers & Lybrand | Solutions for Business

All applications will be handled in strict confidence.

MANPOWER TRAINING & DEVELOPMENT

WANTED
YOUNG PLANT PROFESSIONALS AT NAGPUR

We have been retained by International Combustion (India) Limited, a multi-product, professionally managed organisation, to select for their Nagpur Division, manufacturing hi-tech specialised Rubber & Polyurethane Screen Decks, Liners and Allied Products, in technical collaboration with world renowned Gummi Kuper GmbH, Germany, for their plant in Nagpur, the following Operational Executives :

PRODUCTION ENGINEER

The successful candidate will be a dynamic, performance oriented B.Tech/M.Tech in Rubber & Plastic Technology from any recognised institution, having 2/3 years experience in the manufacture of moulded Rubber & Polyurethane products. Age around 30 years.

DEVELOPMENT ENGINEER

The successful candidate will be a dynamic and innovative B.Tech/M.Tech in Rubber & PLastic Technology from any recognised institution, having 3/5 years experience in an Industrial Establishment processing rubber compounding and manufacturing rubber/polyurethane/plastic products. Ability to keep technology updated with management of Quality Control and Laboratory functions, is essential. Age around 30 years.

PURCHASE OFFICER

The successful candidate will preferably be a Polymer Technologist having 3 years minimum working experience in the purchase of rubber and rubber chemicals. Ability to identify sources, negotiate competitive rates, adherence to planned time schedule is essential. Age around 30 years.

Remuneration package will be excellent and will be structured to suit individual needs. Excellent career prospects assured. Please apply within 10 days to :

R L KAPUR
Management Consultancy Division
SKP Corporate Services (P) Limited
308, 'Shantiniketan' 8, Camac Street, Calcutta - 700 017

Apt Ads - 21/191

ORGANISATIONAL EFFECTIVENESS

EMPLOYEE SELECTION SERVICES

EFFECTIVE INDUSTRIAL RELATIONS



Exciting and Rewarding Careers in Sales & Marketing

For High Calibre Young Management Graduates

Salary and Benefits
Rs. 65,000 P.A. - Rs. 75,000 P.A.

The Company

We are a multinational consumer goods Company, a joint venture of the Gillette Company U.S.A. and the House of Poddar Enterprises (HOPE). We market the high quality 7O'Clock Ejtek range of shaving products and also the well known Erasmic & 365 range. Within a span of five years of operations we have gained a significant share of the Shaving Products Market and established a highly effective distribution network comparable with the best in the consumer goods industry. The Company is poised for further rapid growth through new product launches.

The Career

Selected candidates will undergo a rigorous and intensive 6 months training in various aspects of Field Sales Management and thereafter be assigned an area where they would be directly responsible for:

- Achieving sales, distribution and display targets in the area.
- Providing training and developmental inputs to a team of sales representatives.
- Implementing programmes to achieve display dominance for company's products/brands
- Operating as the total "Business Manager" of the area managing a large C&FA and stockist network.

Subject to a successful stint in the Field, there would be subsequent job rotations in Corporate Sales Function/Product Management and there after, possibility of foreign postings to other Gillette Companies worldwide

The Person

Graduates from premier business schools - either fresh or upto 2 years of consumer sales experience.

- Willing to work anywhere in the country
- Proficiency in a regional language in addition to English, an advantage.

Interested candidates to write within 7 days to:
The General Manager - Personnel (Corporate)
Indian Shaving Products Limited
34, Okhla Industrial Estate, New Delhi 110 020

ISP INDIAN SHAVING PRODUCTS LIMITED
(A GILLETTE ASSOCIATE COMPANY)

WANTED

For A Top Notch Company, Dealing In Office Equipment And Having Diversified Interests Across India

POSITION

Regional Manager — Delhi and Bombay

ASSIGNMENT

As a member of the Senior Management, the incumbent will be responsible to independently operate a Region having 4/5 branches and will be covering functions of sales, support and administration. Ability to lead and motivate a team of young marketing professionals will be an asset.

PROFILE

The ideal candidate should have a couple of years' managerial experience in the Office Equipment/Engineering products and should be MBA from one of the premier institutions.

REMUNERATION

This position carries an attractive package.

Applications with detailed Bio-data may be sent within 10 days to Box No. AA/344/RK/2, **Business India,** Krishna Villa, 100 Park Street Calcutta 700 017.

React/011/91

ALPHA TOYO LIMITED

We are multi product, group of professionally managed companies engaged in the manufacturing of Automobile Components in technical collaboration with renowned Japnese Companies, looking for :-

MANAGER MARKETING :- Willbe Incharge of Marketing Department, responsibilities include dealing with O.E.M. buyers, development of replacement marketing, Marketing feed back and alliied marketing functions. Exposure to OE automobile manufacturers and industrial marketing experience an added advantage. Should be an Engineer/MBA (Marketing) with 7-10 years relevant experience.

FINANCE MAMAGER CUM COMPANY SECRETARY :- Responsibility includes management of Working Capital, Book Keeping and Accounts, Budgetary Cost Control System, Taxation, Costing and dealing with Banks and Financial Institutions and other related functions.

Should be a CA & CS with 7 - 10 years experience in a company of repute. Age around 35 years.

ASSISTANT MANAGER (MAINTENANCE) :- The responsibility includes managing repair/maintenance of Power Presses, Hydraulic Machines, Compressors, D.G. Sets and Plastic Injection Moulding Machines, Liaisoning with HSEB, Water Supply and Pollution Control Department. Thorough Knowledge of procedures of preventive maiintenace desirable.

A Degree/Diploma in Electricl/Mechenical Engineering with 7/10 years related experience.

ASSISTANT MANAGER (PURCHASE) :- The responsibilities include negotiation with Vendors, Scheduling, Cost Reduction and other related functions.

The candidate should be a Degree/Diploma in Engineering with 7/10 years relevent experience. Knowledge of Imports added advantage.

ASSISTANCE MANAGER (EDP) :- The responsibilities include Development of Software Packages, System Designing and Implementation of Computerised Management Information System, Financial Accounting, Material Accounting, Inventory Control and other Commercial application.

A Degree in Computer Science/Applications or BA/B.Sc/B.Com. with PG Diploma from reputed organization. Age around 30 years with 5-7 years practical experience.

SR. OFFICER (MANAGEMENT INFORMATON SYSTEM):- The Candidate should be MBA (Finance) with very good communication and analytical skills. Exposure to computer shall be an added advantage. The responsibilities include collaction and analysis of operational data for reporting to Top , Management on periodical basis.

3 - 5 years experience in organization of repute.

Salary negotiable and perks as per Company rules.

Please apply within 10 days with complete Bio-data and recent passport size photograph superscribing the envelope for the post applied for :-

To :

Deputy Manager (P & A)
Alpha Toyo Limited
9-H, Sector-6 Faridabad (Haryana).

BLISS

ABC's major specialisations include Corporate Consultancy

New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS

MANAGING DIRECTOR (Designate)

Engineering Company

Bombay—Malabar Hills Flat

Rs 3 Lakhs + AC Car & Driver + Perks

We have been retained by a highly dynamic, fast expanding, professionally managed **Industrial Group** to select a MD Designate for one of their medium-sized engineering companies. Sales Turnover by 1994 is projected at Rs 75 Crores for this company. It is a **FERA Company with worldwide network** and all products are covered by excellent foreign collaborations.

The incumbent will be understudy for about a year and will thereafter be elevated to the position of MD, subject to performance. Frequent **Foreign Travel to Europe** is involved. Must be **Mechanical/Chemical Engineer** in the age group 40-45 with proven track record as **a profit centre manager** handling all techno-commercial functions. Leadership & Dynamism will be the major selection criteria.

Please write to **B P Agrawal, Chairman** with detailed biodata and mark the envelope & enclosures with job title & code MDD/BPA/3076. All correspondence must be made through courier mail/speed post.

ABC CONSULTANTS PRIVATE LIMITED

303, Embassy Centre, Nariman Point, Bombay 400 021

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

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Required for a Public Limited Company, owners of Holiday Inn, Bangalore, a prestigious Five Star Hotel, the services of a :

JOINT MANAGING DIRECTOR

The incumbent will be responsible for managing the overall operations of the establishment effectively in terms of optimum business profitability, development and growth; reporting to the Chairman. The successful candidate should possess Post-Graduate Management qualifications, preferably in marketing, with proven Administrative and overall General Management abilities. And outstanding leadership qualities. He will effectively motivate a professional team of executives for his successful achievements.

A minimum of 10 years experience in a similar top business executive position with overall responsibility in a reputed establishment is essential. Preferred age group; 40–45 years.

Free furnished accommodation and a Chauffeur driven car will be provided by the Company. Salary and other perquisites are negotiable.

Apply in strict confidence to:
MR. C.B. PARDHANANI
Chairman
HOLIDAY INN – BANGALORE
No. 28, Sankey Road, Bangalore–560 052.

Holiday Inn®
BANGALORE

INDIAN EDIBLE OIL CORPORATION LTD

Requires

PROJECT DIRECTOR

For their 100 TPD Vegetable Oil Refinery which will be backed by a 400 TPD Oil Seed Processing Complex. The plant will be located near Calcutta.

The Company is looking for a professional with proven track record in similar position. The incumbment will be responsible for efficient management of the plant and would also be responsible for guiding the Project Execution Team for commissioning. He should also have good business sense, feel, and adopt a multi-disciplinary problem solving approach.

The candidate should have a degree in Engineering with specialization in Oil & Fat Processing. Experience of 10 years in Oil & Fat Processing Industry will be preferred. Knowledge in Oil Seed Scenario of the country will be an added advantage.

After successful execution of the project, the Project Director may eventually be designated as Executive Director of the Company.

Age Group : 40-45 years.

Remuneration : Rs.75,000/- per annum with usual perks as per practice of the Industry.

Write within two weeks to : **Indian Edible Oil Corporation Limited**
White House, 119 Park Street
Calcutta-700 016, West Bengal.

GENERAL MANAGERS

TANZANIA/U.A.E. **MINIMUM SAVINGS:** **USD 10000 per annum Plus All Expenses**

COMPANY: We are a diversified manufacturing Company active in Foams, Plastics, Paints, Resin, Detergents and Autoparts. Our plants are located in Tanzania and U.A.E.

JOB: To head a Profit-Centre with total operational responsibility. The position reports to Executive Directors overseas. The selected candidate will be expected to lead a well qualified team of expatriates in aggressive pursuit of targets for each Profit Centre.

QUALIFICATIONS: B.E. in Mechanical or Chemical Engineering preferably with MBA from a good institute. A minimum experience of 10 years required as Senior Manager of a medium/large manufacturing organization. **OR** C.A. with 10 years. of allround commercial and operating experience in a large manufacturing organization.

COMPENSATION PACKAGE: Apart from savings indicated above, will include all local expenses, passage for family, paid leave, furnished accommodation, car, medical, free utilities etc.

Please apply with complete BIODATA and recent photograph to: **BOX NO. AA/344/PB/1, BUSINESS INDIA, WADIA BUILDING, 17/19 DALAL STREET, BOMBAY 400 001.**

ABC's major specialisations include Corporate Consultancy

DEPUTY GENERAL MANAGER COMMERCIAL & EXPORTS

Bombay

Excellent Terms

Our clients are one of the largest manufacturers & exporters of cotton yarn, **Star Exporters and a Recognised Trading House.** They also have extensive merchant exports within the group. Their current annual exports are in excess of Rs. 40 crore. The Group is a multi-plant multi-location organisation with two new units under implementation which will take its total spinning capacity to well over 1,00,000 spindles.

They are looking for a highly motivated, dedicated and result-oriented person to lead the export team at Bombay, maintain ongoing liaison with financial institutions, banks, government departments (Textile Commissioner, JCCI, etc), industry associations, etc. and take overall charge of commercial, administration and personnel functions.

An ideal candidate will be 35-40 years, preferably a chartered accountant,and possess a minimum of 5 - 7 years relevant experience at senior levels. **The remuneration package will be highly attractive and should not be a constraint. However, housing cannot be provided.**

Please write to **D K Tandon, General Manager** and mark the envelope and enclosures with job title &code DGC/BOM/1184.

ABC CONSULTANTS PRIVATE LIMITED
303, Embassy Centre, Nariman Point, Bombay 400 021.

SWOT Analysis • Organisational Restructuring • MIS • New Project Development • Techno Economic Feasibility Study

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

HARRISONS MALAYALAM LIMITED

requires

REGIONAL MANAGERS (TEA) NORTH/WEST/SOUTH
PRODUCT MANAGER (TEA) BANGALORE

The Company has operations in rubber, tea, coffee and spices. It has diversified into biotechnology in collaboration with leading companies of Europe. The Company is poised to make a major entry into the packaged tea market on an all India basis. The new incumbents will have a challenging assignment to set up their operations from scratch.

The **REGIONAL MANAGER** will be responsible for the results of his individual region. Each region will operate on a profit centre basis. He will be responsible for achievements of sales targets, trade promotions, sales administration, selection of his own sales team and appointment of distributors.

The person we are looking for should be a professional with 6 – 8 years experience in consumer product sales. He should be an MBA from the IIMS, Bajaj or XLRI. He should have the maturity and drive to take on the challenge of establishing a new product in a competitive atmosphere and should be a go-getter.

The **PRODUCT MANAGER** should be a professional with 3 – 5 years hard core product management experience in a consumer products company of repute. He should be an MBA from one of the institutes mentioned above.

The positions carry an attractive salary and perquisite package.

Please apply in confidence, superscribing the envelope with the Post and Location applied for, within 10 days to:

Vice-President (Tea)
Harrisons Malayalam Ltd.,
24/1524 Bristow Road, Willingdon Islands, Cochin-682 003.

RPG ENTERPRISES

SRF

SHRI RAM FIBRES FINANCE LIMITED

SRFF is a young professionally managed company established in 1985. It has already crossed a cumulative disbursement level of Rs.100 crores, and has consistently had excellent operating results. The company's approach to business is highly growth oriented and innovative, and provides exciting opportunities for those looking for challenges. We invite applications for a

REGIONAL MANAGER – NORTH (REF: RM-N)

To be based in Delhi. The incumbent would be 32 to 35 years old, with an excellent professional qualification and 9 to 11 years of experience with a strong Marketing emphasis. Sound knowledge of finance and entrepreneurial skills are basic requisites.

The incumbent would be responsible for the Company's largest profit centre and would handle a business portfolio of Rs.70 crores, managing a large team of young professionals.

If you wish to join an organisation that plans to be the leader in a highly competitive, fast growing industry, please send your resumé within 10 days to:

Senior Manager — Personnel
SHRI RAM FIBRES FINANCE LIMITED
AB /4, Safdarjung Enclave,
New Delhi-110 029.

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abs plastics ltd

REQUIRED

FINANCE MANAGER

ABS Plastics Ltd., a Baroda based professionally managed Company, engaged in manufacturing and processing of Engineering Plastics, having a turn-over of about Rs. 50 Crores p.a., with ambitious plans of expansion and diversification needs a FINANCE MANAGER in the age group 35 - 40 for their Corporate Office at Baroda. Ideal candidate should be a CA / MBA - Finance, with minimum of 10 years experience in working in a responsible position in a Public Ltd. Company of repute. Exposure to EDP accounting shall be preferred.

Candidate meeting the above requirements may please write in confidence to the General Manager, Post Box No. 74, Baroda 390 001, stating qualification, experience, age, salary drawn and expected, superscribing on the envelope the post.

Post Box No. 74, Baroda - 390 001

TV ADS

CORE is a professionally managed group of companies having interests in Pharmaceuticals, Leasing & Finance, Computers & Consultancy. Pioneering the manufacture of High Quality I.V. Fluids with the latest state-of-the-art Blow-Fill-Seal technology in special polymer containers, it is the largest manufacturer of I.V. Fluids in India. Listed on the Stock Exchanges, CORE has a turnover of about Rs.15 crores during the last Financial Year, of which about 35% is export, CORE expects to achieve a turnover of Rs.100 crores within the next 3 years

SALES MANAGERS

The position involves responsibility for the complete Sales Management function right from selection of field force and appointment of Stockists/Distributors to management of field operations and achievement of targets. Those in the age group of 30-40 years with 10-15 years experience of marketing pharmaceuticals, including about 3-5 years of institutional business also, will be preferred. Effective managerial and communication capabilities and a bold, forceful, result oriented personality are essential.

Applications will be treated in strict confidence. Those interested may send their detailed bio-data with a passport size photograph to :

CORE PARENTERALS LIMITED
4th Floor, Narayan Chambers, Ashram Road,
Ahmedabad-380 009, Phone : 78265/66, Telex : 0121-6694,

HARRISONS MALAYALAM LIMITED

requires

a

HRD MANAGER

Harrisons Malayalam Limited, with extensive operations in rubber, tea, coffee and spices has diversified into the area of biotechnology, producing and marketing hybrid seeds, plant tissue culture and floriculture in collaboration with leading companies of Europe. The Company needs a **HRD MANAGER** to provide a thrust to the company's HRD activities.

He will be responsible for all training and development, selection and recruitment of managerial personnel, performance appraisals, career/succession planning. His role will be that of a catalyst in strengthening and permeating the **"HML CULTURE"** throughout the organisation.

The person we are looking for should have specialised qualifications in Behavioural Sciences/Personnel Management from an institute of repute and with a minimum of 10 years' proven experience in the relevant areas in a progressive Company. The incumbent should possess effective Human Relations Skills and be able to perceive people's needs and effectively interact with people at all levels of the organisation.

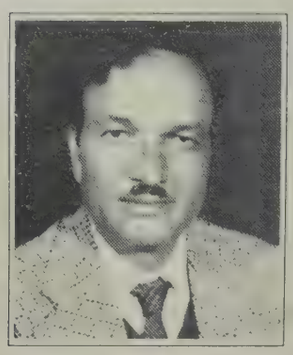
The position carries an attractive salary and perquisite package.

Please apply in strict confidence, superscribing the envelope "HRD MANAGER"within ten days to:

Managing Director
Harrisons Malayalam Ltd.,
24/1524 Bristow Road, Willingdon Islands, Cochin-682 003.

RPG ENTERPRISES

EXECUTIVE LADDER



Krishna Joshi has taken over as director-general of the Council of Scientific and Industrial Research.



F.S. Tarapore has been appointed chairman of Indian Seamless Steels & Alloys Ltd.



Ramniklal Gosalia has been appointed chairman of Dynasty Industries Ltd.



R. Sundaresan has been promoted as director, technical, of Madras Refineries Ltd.

R. Ramakrishna has taken over as chairman-cum-managing director of the National Textile Corporation Ltd.

Shashi Chand Jain has been appointed chairman of DCW Ltd in place of **Sahu Shriyans Prasad Jain**, who has been re-designated chairman emeritus.

M.N. Krishnappa has assumed charge as director, production, of Bharat Earth Movers Ltd.

G.P. Singh has taken over as director, projects, of the National Hydroelectric Power Corporation.

P. Sadanandan and **S.P. Mudur** have been appointed associate directors of the National Centre for Software Technology.

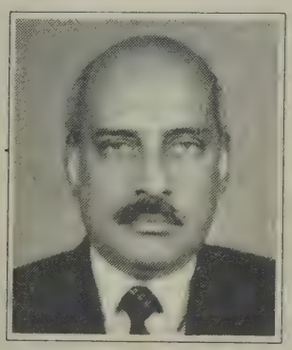
Ashok Kumar Mazumdar has joined Vintron Electronics as a fulltime director.

G.V. Paibir has been promoted as general manager of Mafatlal Consultancy Services (India) Ltd.

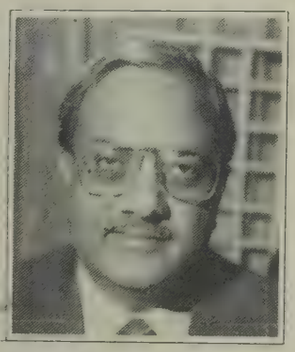
G.T. Mamtora has been appointed group manager, corporate finance, of the Patel group. **Ashish C. Roy** has been appointed chief executive of the construction diviison.

Balbir Singh has taken over as senior regional manager of the Food Corporation of India's southern region.

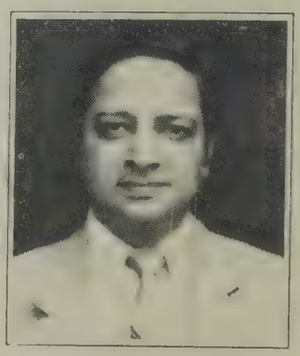
Philippe Maciocia has taken over as regional manager, north India, Nepal and Bangladesh, of Air France.



T.L. Anantharaman has been appointed director, mines, of Neyveli Lignite Corporation Ltd.



A.K. Gulati has taken over as director, technical, of Eastern Coalfields Ltd.



Vivek Pande has taken over as chief executive of the Intercraft group of companies.



Naina Lal has been appointed head of the NRI banking division of ANZ Grindlays Bank.

ASSOCIATIONS

Dhruv M. Sawhney has been elected national president of the Confederation of Engineering Industry (CEI). **N. Kumar** and **Vijay R. Kirloskar** have been elected chairman and deputy chairman, respectively, of CEI's southern region, and **P.S. Ramamohan Rao** chairman of the Andhra Pradesh Committee.

S.K. Mukherjee has been elected to board of governors of the Indian Institute of Management, Ahmedabad.

V.B. Patel and **P.I. Bhuva** have been elected senior vice-president and vice-president, respectively, of the Federation of Gujarat Mills & Industries.

M. Fasihuddin has been elected president of the Mining Engineers Association of India.

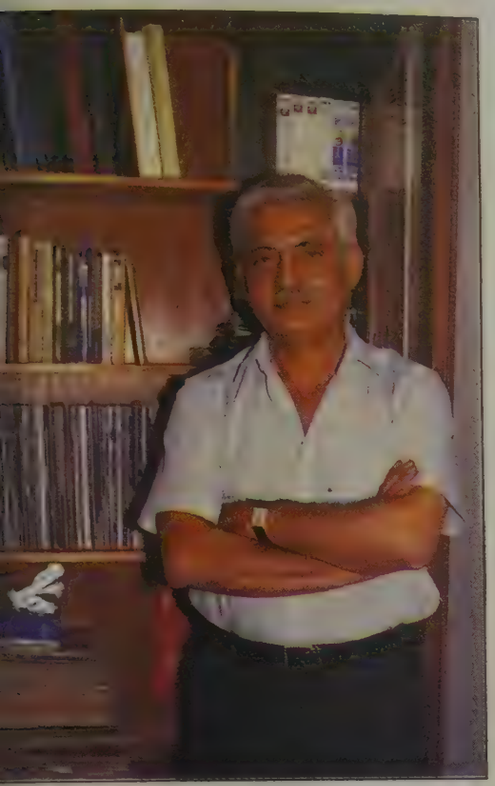
Paramjeet Singh has been elected chairman of the northern India regional council of the Institute of Company Secretaries of India.

R.K. Narayan has been elected chairman of the Delhi-Haryana chapter of the Indian Institution of Plant Engineers.

P.G. Ramrakhiani has been elected president of the Council of State Industrial Development Investment Corporations of India.

Mahendra J. Dhruva and **Milan D. Mehta** have been elected president and vice-president, respectively, of The Institute of Insurance Surveyors & Adjusters.

Confounding the critics



.R. Taneja, *55, is managing director of he Indian Seamless Metal Tubes Ltd*

e has reason enough to feel proud about is achievements. After all, he master-inded the creation of one of India's fas-est growing engineering companies — he Indian Seamless Metal Tubes Ltd ISMT). From start-up in 1980, it has rown at the rate of 38 per cent com-ounded annually, and reached a turn-ver of about Rs.75 crore in 1990-91, in ust over a decade — a performance atched by only a few others.

Taneja, who completed his B.E. (Mech) t Osmania University in 1958, joined the eamless tube division of the Indian Tube Company (ITC) in 1959 as a graduate rainee. He did not quite enjoy his work at irst in this Tata group company. But, radually, he found the job more interest-ng, and rose to become the divisional nanager of the division in 1978. It was nly a matter of time before he would ave become the managing director of he company.

Turning point. Then came the turning oint in his career. "Just becoming the MD of ITC seemed more like routine stuff, hile I was itching to do something more hallenging. And at that age (42) I had to nitiate something soon, as time was run-ing out for me," says Taneja. At that time uring a visit to Bombay, he met a SICOM manager, who urged him to start a project in Maharashtra and promised help. Fired by the prospect, Taneja took a critical decision and applied for a licence to set up a seamless tube plant near Pune. Simultaneously, he informed the ITC management about his plans. Not only did they encourage Taneja to carry out his plans, but also requested him to stay on in ITC till the expansion project, which he had begun earlier, was completed. Accordingly, he left ITC only a year later, in 1979.

By then, Taneja had got a licence, but had practically no money. The total project cost worked out to Rs.3.5 crore, of which the equity component was Rs.90 lakh. Most of this amount was raised from the public, and The Indian Seamless Metal Tubes Ltd was incorporated as a public limited company. The rest of the project cost was provided by IFCI and a consortium of institutions.

With the mere aid of drawings from Mannesman Demag of Germany (because he could not afford to import any machinery), Taneja and his colleagues completed and commissioned the plant in just 15 months. The sceptics were confounded because this was a task no one had attempted before on the basis of mere drawings.

No looking back. What's more, in the very first year, the company, on a small turnover of Rs.2.8 crore made a marginal net profit of Rs.2 lakh, after providing depreciation. From then onwards, there's been no looking back for Taneja and ISMT.

Later, several professional managers joined ISMT and now they have gone into steel manufacture by setting up yet another company. By 1995, the Indian Seamless group of companies hopes to achieve a turnover of Rs.500 crore. But, ISMT has been and will remain Taneja's cherished project. He has plans to make it one of the seven or eight companies in the world manufacturing ball-bearing seamless tubes of international standard by 1993. It is already the first private Indian company to make these tubes in India, that too without any technical collaboration.

"At the same time, I hope to maintain ISMT's annual growth rate at 30 to 40 per cent," says Taneja.

ROOP KARNANI

■

FRONTRUNNERS



S. Ramkumar, 31, manager, corporate investments at an ITC company, Classic Financial Services, is one of the leaders of the group spearheading its expansion into the leasing of light commercial trucks. After acquiring a masters degree in commerce from Osmania University, he joined a small leasing company in Hyderabad. Later he shifted to the Road Transport Corporation of India, a large Hyderabad-based truck operator.

After servicing blue-chip clientele for three years, he joined Nagarjuna Steels as executive assistant to the managing director, K.V.K. Raju. He was later moved to Nagarjuna Finance as executive assistant to the managing director. "It was in these two jobs that I learnt about corporate finance," he says. And that has proved to be a major asset at his next job, the Calcutta-based Classic Finance.

—S.D.



V. Ravi, 31, joined Mahindra Ugine Steel Company Ltd as a finance officer in 1986. Within five years, he got two promotions and is currently finance executive, corporate finance and treasury group. "When I joined, the company had begun to diversify into areas like real estate and hotels. I got to play an active role in this process."

Ravi completed his chartered accountancy and cost accountancy in 1984, in Madras. He gained work experience at an auditor's firm and then a chemical company, Ballestra India, before joining Mahindra Ugine.

"The work is always changing which makes it interesting and challenging," says Ravi. Regarding the future, he says "Mahindra Ugine is also planning to activate a subsidiary finance company. I hope to play a key role in this company."

—P.C

FUTURE SHOCK

Prevent it



Switch to On-Load DS Decontactors

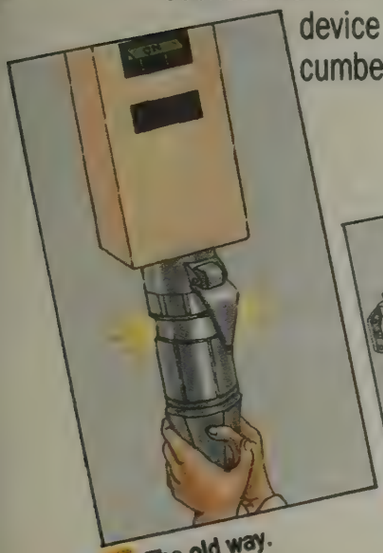
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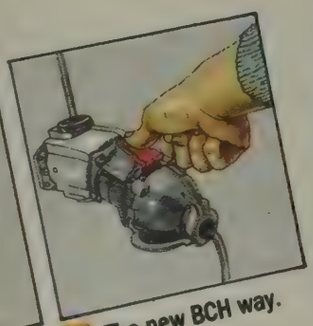
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The new BCH way.

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Reliability

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Being acknowledged by peers, evidently, has an intoxication all its own. "It's the ultimate honour to be considered deserving by responsible and mature captains of industry," said Ulka Advertising's chairman **Bal Mundkur**. He had just received the Indian Society of Advertisers' gold medal for his long and outstanding contribution to the advertising industry. The function, held at the Raj Bhavan in Bombay, was attended by corporate doyens like Prakash Tandon, who had especially flown from Delhi for the occasion. Mundkur announced that Ulka would be setting up an advertising institute to develop new talent.

There was another high point at the function — an ironic one at that — when the governor launched into an anti-advertising diatribe. With painstaking detail, he emphasised how harmful advertising was, how it increased demands and desires that could not be fulfilled. Even Galbraith's view, that advertising tempts people to squander money on inessentials, was quoted.

Sanjay and **Yashodhara Shroff** have come up with Bangalore's answer to Bombay's "Ensemble" and New Delhi's "Touch of Class." The young couple recently set up 'ffolio', an exclusive outlet for designer jewellery and clothes catering to both men and women. While the jewellery ranges between Rs. 35 and Rs. 2,000, the clothes are tagged between Rs.350 and Rs.20,000. Rohit Khosla, Anu Mafatlal and Rohit Bal are among the top designers whose creations are up for sale at this popular boutique. Says Sanjay, a chemical engineer, "Now people from the south will not have to go to Bombay or New Delhi for their shopping." Adds Yashodhara, who looks after all the merchandising at "ffolio" as well as interaction with the designers, "We have a lot of space still available. So we might diversify into bathroom and office accessories as well as children's wear."



He is the R & D director at Telco. That perhaps explains **K.G.K. Rao**'s obsession: collecting working models of vintage cars, trucks, buses, jeeps and even tanks. Many of the 150 models were presented to him by automobile giants like Toyota, Mitsubishi and Daimler Benz when he visited them. Rao plans to use them to show the growth of the automobile industry over the years — he is planning a book on the subject. Next move: procuring car models of renowned makes like Ford, Porsche and Renault and bus models from Volvo, Leyland and others.

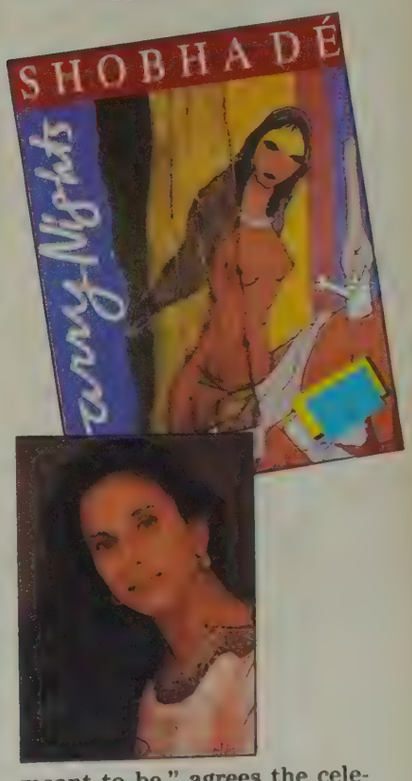


He has a boyish enthusiasm for his hobby but ask him about his planes and **P.S. Bhattacharya** starts drawing complex diagrams to explain their mechanics. The divisional manager of Tractors India Ltd in Bombay, Bhattacharya has been making aeromodels since his school days. To make them look as realistic as possible, he has incorporated retractable undercarrages, lights and flaps to his remote-controlled airplanes. Today Bhattacharya's collection includes the Indian Airlines series of planes and the entire Indian Air Force fleet.



Bhattacharya had also tried his hands at rockets when he was a student of IIT Kharagpur. "I stole zinc and sulphur from the chemistry lab and used live shells sneaked in from my army friends," he reveals. But if his hobby has seen mostly ups it has seen some let-downs too: "Many of my planes got caught in thermals and disappeared and one of my rockets took off with the launch pad," laments Bhattacharya.

The woman sat in front of the computer screen ... and "Starry Nights" was born. **Shobha Dé's** second novel, expected to hit the bookstands early this week, is sure to create ripples, starting from the cover itself — a semi-nude by Hussain. "Suggestive, just as it was meant to be," agrees the celebrated columnist. "But very appropriate to the bold theme." And pray, what is it all about? "A South Indian actress making it big in the Bombay film industry. We have had so many of these thundering thighs mesmerising north Indian men." A surefire formula indeed to keep the cash counter ringing and Dé laughing all the way to the bank — once again!



DUAL HOMES

Living in two worlds

In their effort to improve personal and professional lives, people the world over are choosing to maintain dual homes, commuting between cities as they keep family ties alive. Maintaining two homes can help executives enjoy the best of both worlds but the decision is not always an easy one.

N.K. Prasad, who used to work for Kirloskars in Pune, faced the dilemma when he joined The Standard Chartered Bank in Bombay. Basically a Pune person he decided against giving his family a 'cultural shock'. In any case, his daughter had to stay back in Pune to complete college as admission to Bombay University might have been difficult. His wife too opted to continue her job as a nursery teacher.

Fortunately for them they had their own house in Pune so the four-bedroom, nearly 4,000 sq.feet Roshilla flat on posh Carmichael Road became a transit point with only Prasad occupying it. "It works beautifully," he exclaims, "I have a servant to maintain the Bombay flat and, because I'm travelling most of the time, I really don't miss the home atmosphere. Going home to Pune over the weekends is a must so I actually end up spending more time with the family than I would have done if we all were to shift to Bombay."

The weekend travelling to Pune gives him an additional six hours to catch up on his paper work and reading, "which is fantastic, otherwise one tends to vegetate," says Prasad. "I have no regrets," he adds, "I enjoy business relations and professional satisfaction in Bombay, and personal relations and a better quality of life in Pune." Prasad, who has recently left Standard Chartered to head the venture financing division of ILFS, obviously enjoys his dual city lifestyle.

Sense of peace

Vikram and Meena Kaushik's story is similar, with home in Bangalore and work in Bombay. As managing director of the advertising agency Enterprise, Kaushik can take travelling in his stride and be in Bangalore whenever he wishes. For his wife too, as managing director of Quantum Market Research Pvt Ltd, travelling is not a problem. For 15 days a month, the Kaushiks enjoy a sense of peace in their rented home in Bangalore, recuperating from the trauma of Bombay. The children, who are 13 and ten, school in Bangalore and have learnt to give notice to their parents about their needs, or fend for themselves. A loyal domestic staff of four keeps the Bombay and Bangalore homes running smoothly.

The logic is simple. After 13 years of a hectic life in Bombay, Kaushik, who used to be with Liptons, got transferred to Bangalore. Bangalore, in Meena's words, was "a city where you could be human". Bombay had totally alienated them from nature. When the time came to return to Bombay the Kaushiks did some quick calculations. What, for instance, would it cost them to buy a small house in Bombay? They also realised that it takes 1 hour and 20 minutes to fly between the two cities and nearly 1 hour and 30 minutes to commute from the suburbs in Bombay. "Ultimately," says Meena, "spending 15 days in Bangalore made sense. We see more of the children this way and weekends are really like weekends."

Jobs which entail travelling allow executives to manipulate their monthly timetables. But, what happens to executives in production? Amit Deb, general manager, pharmaceuticals division of Rallis India, was initially overjoyed when asked to head their new project in Ootacamund. Once the exhilaration wore off, the family went into a debate about moving. His wife Anuradha, a students' counsellor, th with St. Mary's School, Bombay, defini did not want to move. Finally Deb w alone for a two year stint during whi time he was allowed to retain his Ward Road flat in Bombay for his famil use.

Dry existence

Deb was given functional accomodati for himself. Family re-unions were limit to twice or thrice a year and life was toug for the wife who had to hold fort singl handedly. Since Lawrence school admi sions also did not come through the was no choice but to carry on with a, "d working existence with enough time miss the family," says Deb. Deb is back i Bombay.

C.L. Seshadri of Glaxo has had a sim lar experience. He was sent to Bangalor on a joint venture project to put u



The Kaushiks: Bombay for work, Bangalore to recover

powder milk food factory. Their children were in their crucial years of appearing for the 10th and 12th standard examinations. Fortunately such cases are looked upon with sympathy by most companies, who realise the difficulties a job transfer can create. Seshadri was allowed to retain his house in Bombay and use facilities provided by the Bangalore-based company.

Job transfers can take their toll, disrupting family ties, children's education and friend circles. Commuting between two homes may not be an ideal solution for some, but many find the decision worthwhile. ■

NEERU NANDA

Private sector not better



Moosa Raza, *an IAS officer of the Gujarat cadre, is now chairman of the Standing Conference of Public Enterprises (SCOPE) and Delhi's showpiece, the Trade Fair Authority of India. He was chairman of the joint sector Gujarat State Fertiliser Corporation (GSFC), which he turned around and helped achieve spectacular results. He speaks to Arif Sharif of* Business India *about the problems the public sector is afflicted with*

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head and experiment with new ideas without worrying about the results. And there is nothing wrong with the people that we have in the public sector. They are as good if not better than people anywhere in the world.

What is your perception of the plan to disinvest 20 per cent of the equity of select public undertakings to the financial institutions?
Government has not had an opportunity to implement the scheme and the decision now really rests with the government that replaces the current one. Nevertheless, it is a significant step forward.

But why merely 20 per cent? Are we going to achieve anything significant?
Well, that depends on what you wish to do with the public sector. For the moment, there are really four issues that face the public sector. First, there is the problem of revamp, growth, technology and modernisation. Then there is the problem of assisting ailing industries, the problem of distancing the government from the functioning of the PSEs and finally the problem of exposing them to greater market forces. These issues are separate and the people in the country need to collectively decide on these issues through Parliament.

This really cannot be anybody's personal decision — do we still need the public sector and if not and how will we dismantle it? — If you are talking of distancing the public sector from the government then disinvesting 20 per cent of their equity to the financial institutions is a good beginning. And you can continue doing this until you have reached 49 per cent.

Why not beyond that, because so long as public funds are invested in the company, isn't the government answerable to Parliament for such investments?
Yes, the government will still be answerable, but the moment a company passes into the joint sector, the mechanism of control changes. The government then does not control the company through the ministry but places its representatives on the board of directors. These representatives then enjoy the same rights as any other member. They vote, they attend the annual general meetings and if they have any concerns, they voice them there. It worked wonderfully with GSFC and now it is one of the better companies in the country with its share price quoted at Rs.204.

So if this system is working well, I see no reason why the government should go beyond this. In any case, a disinvestment of more than 50 per cent will need alterations in other laws which is not desirable at the moment. We will gradually make these alterations, consolidate and then proceed further.

What about the sick companies?
That is another of these decisions that needs Parliament's consent: whether to shut them down or to revamp them. All this depends on the costs associated with rehabilitation. What do you do with the labour entrenched from these companies. You need to find some alternative mode of employing them, perhaps train them further for suitable alternative employment.



At age 85, he was what most men half his age could only yearn to be — trim and fit, immaculately dressed, gracious to perfection, and most importantly, working late into the evening every day, six days a week.

Hotchand Gopaldas Advani's death last week was a loss not only to Bombay's judicial and educational community but to *Business India* as well. Though not many people knew, *Business India* magazine was founded with his support in his law offices at Bombay's Dalal Street. And it was only fitting that he worked on his last day out of the magazine's offices.

Business India was but a small note in the giant symphony of his life. He was a distinguished lawyer at the Bar for over five decades, and for as many years a highly regarded institution builder. He was responsible for setting up more educational institutions in the city of Bombay than probably anyone else, past or present. Respected city colleges like National, H.R., K.C., K.C. Law were all his labour of love — for his own Sindhi community, and society in general.

The affection and regard with which the Sindhi community in Bombay looked upon him was sometimes overwhelming. It has its roots in their own troubled history as a displaced community, a history that coincided with one of his own. The son of an eminent lawyer, he was born in Hyderabad, Sind. After obtaining a degree from King's College, London, he was called to the Bar at Middle Temple in 1929. He married Savitri in 1933. Soon, he established a successful practice for himself in his home city. His clients included not only the leading Sindhi merchants of the city but also some of the largest Muslim land-owners and politicians of that time.

Though he was closely associated with the RSS in Sind, his political and personal connections with the Muslim politicians was primarily the reason, in the bloodshed following partition, that he was able to ensure the safe departure of hundreds of Hindus from Pakistan. He himself was so rooted to his native land that he never thought he would leave.

Left with no choice but to stay back in Bombay, he threw himself into rebuilding his professional career from scratch. Though a member of the Hyderabad Municipal Corporation in Sind, he gave up the idea of a political career. He was co-opted on to the first working committee of the Jan Sangh in 1952, but resigned in protest against the party's policies.

Immediately after partition while he was building his practice, he simultaneously started setting up educational institutions. The driving force was the sight of the suffering of thousands of fellow Sindhis who fled Pakistan and were living in refugee camps in places like Kalyan and Ulhasnagar. His strong and compassionate personality enabled him to rise above the class divisions in the community itself and get the rich to contribute generously towards setting up educational institutions for poor Sindhis.

The first college that he set up, along with his colleague, principal K.M. Kundnani, was the National College at Bandra in 1948. Then came K.C. College, K.C. Law College and, in the next 40 years, a string of other colleges in virtually every discipline — all under the aegis of the Hyderabad (Sind) National Collegiate Board.

His concern for poor Sindhis was also expressed through the Jai Hind Co-operative Bank, which helped displaced persons to buy houses. Although the Reserve Bank prohibited loans for property, with his legal acumen he worked around the rules and gave people personal loans which they used to buy property. He also helped pioneer the concept of ownership flats in cooperative societies in Bombay. He remained chairman of the Jai Hind Co-operative Bank till the end.

He was also instrumental in re-starting in India the Sindhi newspaper *The Hindustan*. This for him was community activity which strengthened bonds between Sindhis all over the world. About twenty five years ago, he took over as chairman of the Sindhi Resettlement Corporation, which was responsible for developing the town of Gandhidham in Kutch, and relentlessly pursued his concern for providing homes and jobs for displaced persons in Gandhidham as well.

A historian by training, he had a broad social view and a historical perspective with which he clearly saw the need to develop colleges into broad-based institutions for the whole of society.

His career as a lawyer was equally distinguished. In fact, he considered himself a lawyer first and foremost, and worked assiduously with amazing regularity and a photographic memory. In fact, even on the night of 8 May, he was reading a court brief after dinner — his usual routine before going to bed. He was amongst the most respected counsel in Bombay, and quickly built himself a flourishing practice. He had a magnificent library of law books which was referred to by even the most eminent of other lawyers.

Even at the Bar, he was known for his openness and friendliness with all members. He only had good words to say about fellow lawyers. It was true to say that nobody at the Bar had any ill word to say about him. He saw the courts as a sacred institution and believed that justice would be done.

Hotchand Advani was a man who believed in building institutions and not individuals. His manner was open and he had a humane concern for all. He had generosity of spirit, his doors were open to all and his sincerity and caring for each individual was the reason why people, both high and low, flocked to him. Sindhis not only in Bombay but all over the world lovingly referred to him as "Dada". He was a deeply religious person, but this did not necessarily mean association with religious functions or temples. It was a spiritualism that governed his outlook on life.

He was a man of integrity and values and these were clearly transparent to all. This was reflected in his austere lifestyle, his love for his profession and his commitment to institutions, his people, and society at large.


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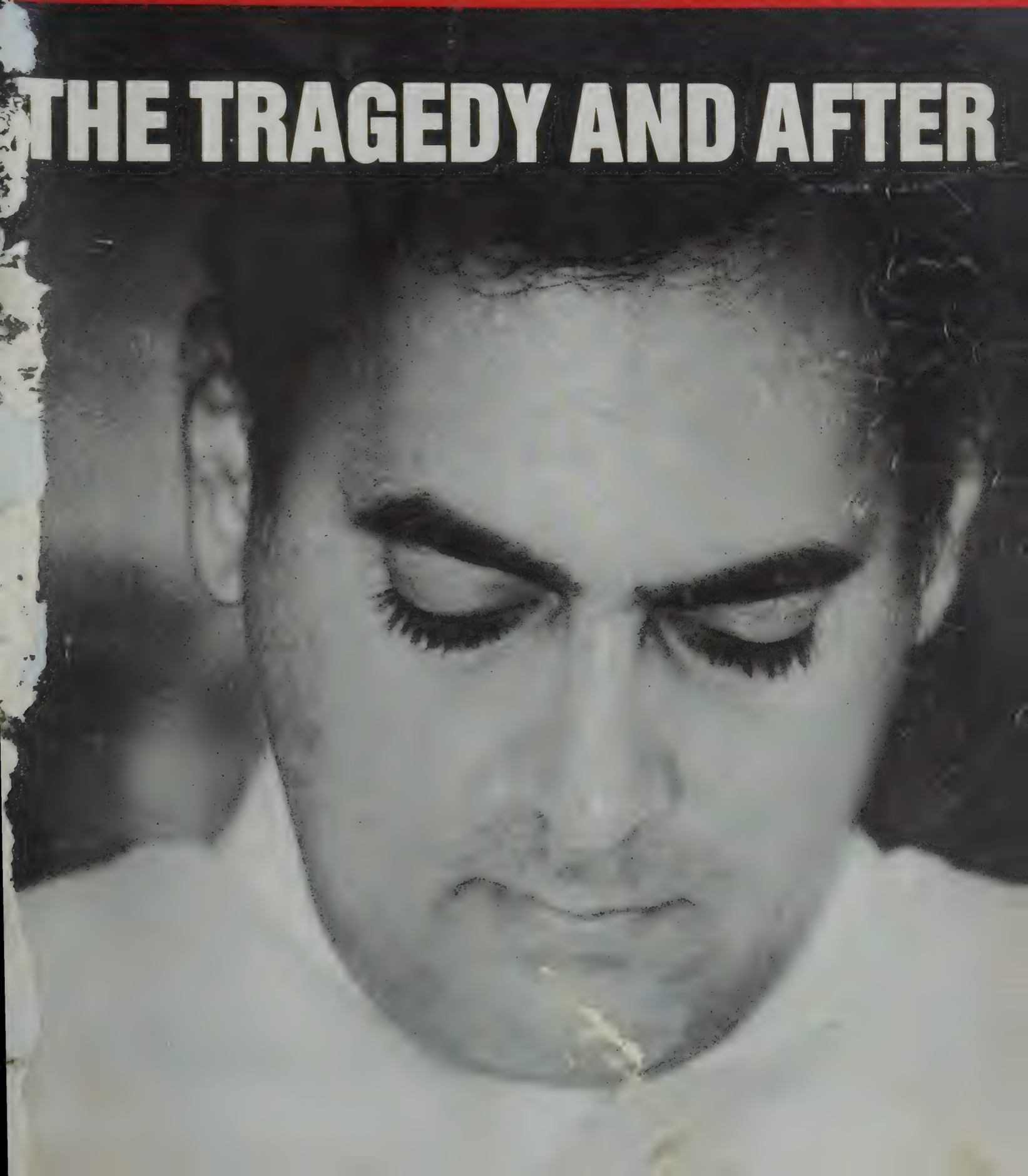
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THE TRAGEDY AND AFTER



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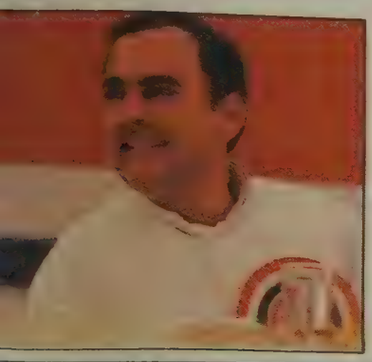


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COVER FEATURE

49 THE TRAGEDY AND AFTER
Rajiv Gandhi's assassination last week shocked the nation like no tragedy has in recent times, throwing the Congress party into its worst turmoil since Independence and symbolising the cult of violence which is inexorably becoming a part of daily political life in the country



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Mood of uncertainty
Stringent measures adopted by RBI to curb inflation and improve the forex reserves have had an adverse effect on industry, which had no choice but to bear it



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A metamorphosis
After the retreat of its American collaborator, this hitherto lethargic speciality chemicals manufacturer has taken a turn for the better thanks to the timely implementation of K.K. Modi's management strategies

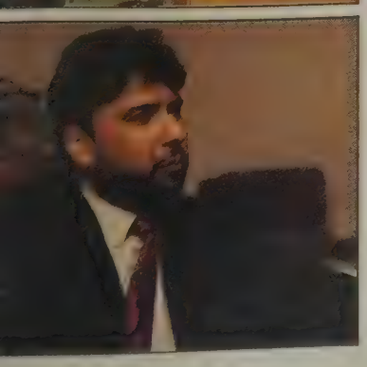
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LETTER FROM THE PUBLISHER

Can we call ourselves a peaceful nation? Clearly the answer is no. The hallmark of any civilised society is that it detests and condemns violence. And goes out of its way to ensure that it does not occur whatever be the provocation. The fact that we have lost a national leader, Rajiv Gandhi, in this gruesome manner proves that we have failed this test of a civilised society: the only one that really matters.

When we became free, a pluralistic sub-continent rather than a homogenous nation state, we were filled with the hope that different though we undoubtedly were, we would live together in a spirit of amity and mutual respect. We were not ingenuous; we accepted that there would be differences but we also expected to resolve these within the framework of the democratic process.

Sadly, events in the past two decades have eroded not only the vision of a national consensus but have in fact sacrificed democratic norms to violence waged for narrow, political gains.

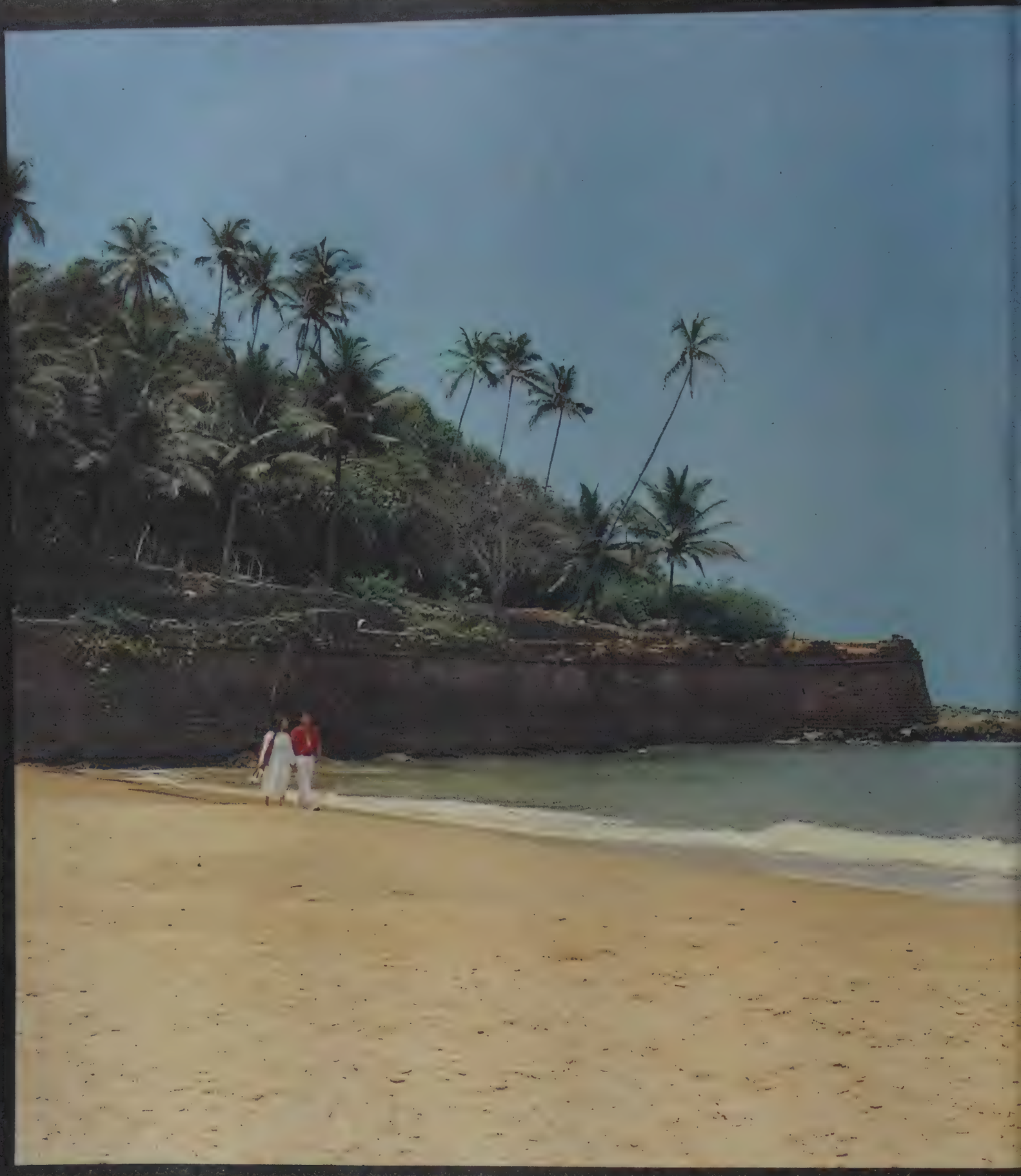
What is it that we as social groups are really fighting for? Are any social and political gains worth the violence we have witnessed? In this context Rajiv Gandhi's assassination is all the more shameful.

Rajiv Gandhi had said that he would like to be remembered as the man who led India into the twenty first century. His death has made that impossible. However, what is particularly anguishing is the fact that the hope that brightened our earliest days of freedom has dimmed. It is up to us to reverse this dismal process.

Our heartfelt sympathies to the bereaved.

Ashok H. Advani

From CD, a spray of colours and prints for the season





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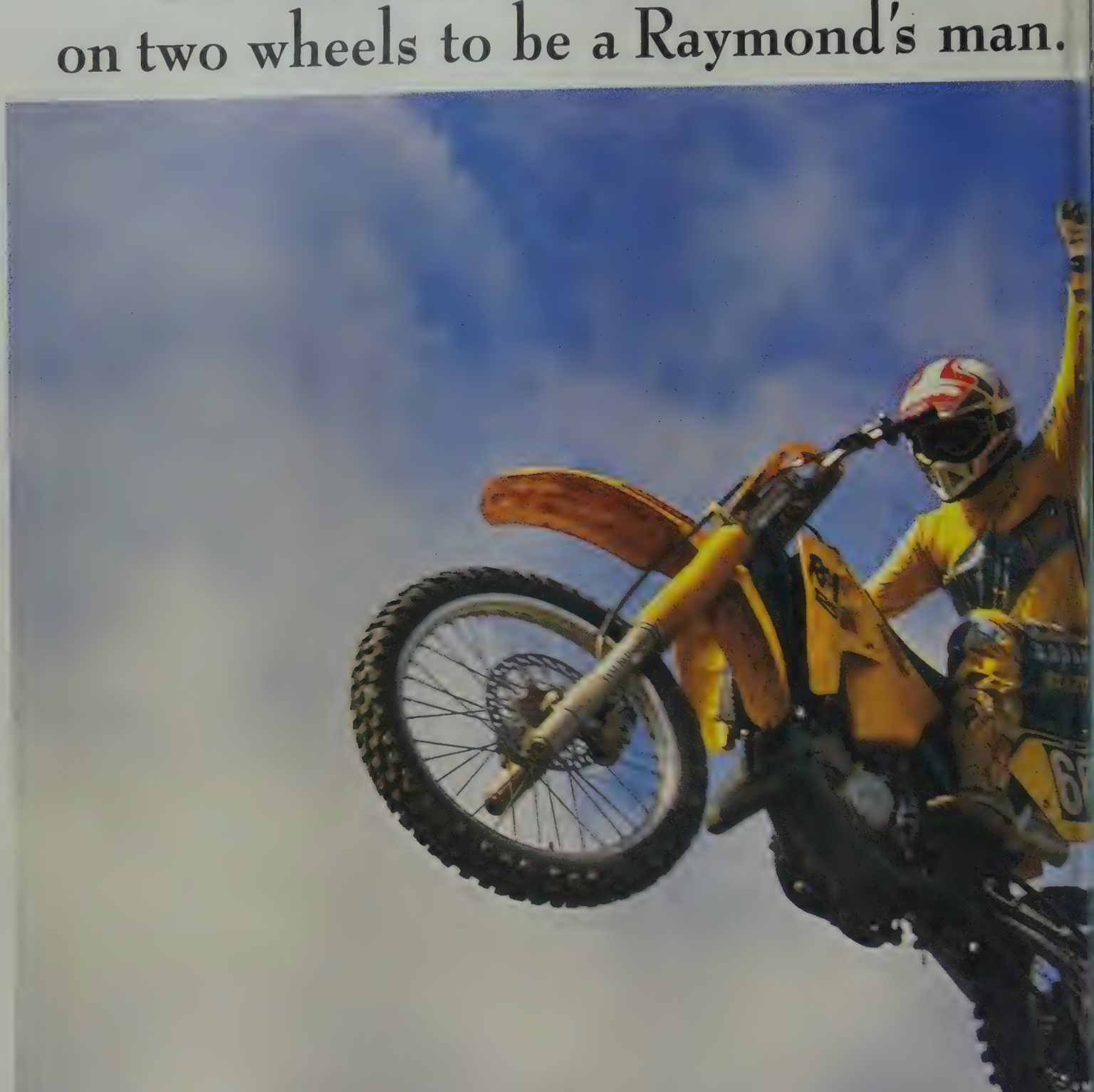
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You don't have to be a whiz-kid on two wheels to be a Raymond's man.



When motorbike racing enthusiasts (including his keenest competitors) discuss the sport, there's no question that the brightest light among the stars is Shyam Kothari. Apart from his spee (breathtaking) and his control (dazzling), his sheer versatility sets him apart and ahead of all rivals.

He handles anything superbly we

modified Supra to a
ghbred Suzuki RM125,
s legendary talent – whether
acing, rallying, dirt-tracking;
s, scrambles and motocross –
a scorching track record
e past four years. He placed
27 out of 31 events and,
remaining four, took three
places and a third.

When he's not leaving the competition scrambling after him, Shyam may be seen making tracks of a more elegant sort in a suit tailored from Raymond's Tesoro, a polyester and wool fabric with added linen and silk as options and yet another first: pale green stripes on a winning off-white.

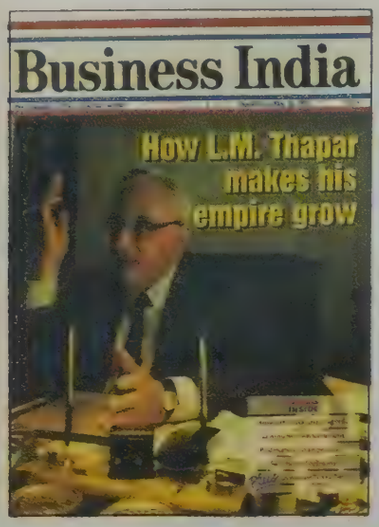
You don't have to be a champ on two wheels to be a Raymond's man. For that matter, you don't even have to be a Raymond's man.

... but it helps.



Raymond's

Never say no to life.



• Back in action

This refers to 'Bengal Lamps — contenders galore' (Corporate Report, 29 April 1991).

The report stated that "... ELMI, Peico's Calcutta-based wholly-owned lamp manufacturing subsidiary, had to close shop on account of non-profitability". Please note that ELMI which was locked out on 15 December 1988 was re-opened on 14 September 1989, and is running very efficiently.

Also Atanu Bose has been wrongly referred to as Peico's director. He is currently the manager for corporate relations at Peico.

IVAN I. MATHIAS
Director & senior vice president, personnel & corporate relations
Peico
Bombay

• Taking investors for a ride

You have rightly pointed out (Letter from the Publisher, 15 April) that shareholders, depositors and financial institutions have legitimate interest in the companies in which they invest. However, the only information they get about their companies is from the annual reports and accounts statements. At the time of making public issues, most companies make tall claims and rope in foreign banks as managers to infuse confidence in the investing public. But many report sick soon after beginning operations, thus defrauding their investors. Merchant bankers and financial institutions who aid such projects certainly deserve to be blamed.

J.B. WILLIAMS
Madras

• Give a free hand

Vysya Bank's success story is refreshing especially since the banking sector is prone to sickness. (Corporate Report, 15 April). The dynamism and initative of the chairman of Vysya Bank is in striking contrast to the irresponsible attitude of some of the chief executives of nationalised banks who openly state that there cannot be any sickness amongst nationalised banks since their liabilities are guaranteed by the government.

The least the government and the Reserve Bank of India can do to inculcate some discipline and efficiency amongst the nationalised banks is to loosen its grip, on a selective basis, on some of the private banks like Vysya Bank who are operating under many constraints and disadvantages. Such a move would help the business community who is otherwise forced to deal with inefficient nationalised banks.

P. RAMAKRISHNAN
Madras

• Now is the time

Your analysis of our economy in Letter from the Publisher (1 April) was an eye-opener. We should do something worthwhile to avoid the catastrophe ahead of us.

SURESH B. BHADRANNAVAR
Bangalore

• Power pilferage

This is in reference to your item on the Andhra Pradesh State Electricity Board (APSEB) in your 15 April issue. It has been stated that the APSEB uncovered a massive power pilferage racket involving eight ministeel units.

Please note that no ministeel plant has been involved in this type of pilferage. According to our information, these plants were induction furnace units.

We would also like to say that there has been no case in any state, to our knowledge, wherein any ministeel plant was involved in power or any other kind of pilferage.

R.C. PUROHIT
Bangalore

• Misinformed report

There appears to be some misinformation about the completion of the ammonia extension project at Hazira of Krishak Bharati Co-operative Limited (KRIBHCO). (Centre, 1 April 1991). For your information, the ammonia extension project has been completed ahead of time and is in production, so also the fertiliser project.

M.W. Kellogg, who were the process licensers for manufacture of ammonia are not the suppliers of process licence for the ammonia extension project. The process has been supplied by the department of atomic energy.

G.M. RAMA RAO
Vishakapatnam

• Towards greater transparency

This has reference to the article highlighting the welcome change of lifting the veil of secrecy from the annual operational results of banks to make them more transparent (Accounting, 18 March).

Surprisingly, till now, banks were cleverly drawing up their balance-sheets to hide their misdeeds as there existed no uniform system of assessment of the quality of credits and there was also an absence of well-framed accounting policies. The new format will definitely remove the defects and make banks' balance sheets more meaningful.

PREM K. LOONED
Delhi

• Reverse the drain

Tertiary education, at least selectively, could be corporatised (Institutions, 18 March). Foreign contracts should be encouraged and promoted. Faculty from reputed foreign institutions and external examiners would be an asset in attracting students from abroad. Good tertiary education abroad nowadays costs about $12,000. If India can offer it at a significantly lower price, even students from North America may be attracted.

Messrs Goenka, Khaitan, Pandhi and Chandra have initiated what may turn out to be one of the critical service sectors in which India may develop substantial comparative advantage.

V.V. BHANOJI RAO
Associate Professor
Department of Economics
National University
Singapore

• No stake

I have been featured in your magazine (Professional Profile, 29 April). While I was one of the founders of MODE (and ran the western region), I was not a shareholder. I was the classical entrepreneur who, five years later, had no "stake to sell", when I moved on!

RAMA BIJAPURKAR
Bombay

• Easily available

'The great survivor' made interesting reading (Media, 15 April). Magna Publishing has launched a magazine every year since 1984. Its success lies in its easy availability.

MAHESH KAPASI
New Delhi

• A joint effort

This is with reference to your article "Write on" (Computers, 7 January). I mentioned that a team had worked on MyScript but names of only two members appeared in your article. The team of software engineers working on MyWord/MyScript comprises: Vimalendu Verma, Karan Khanna, Ajay Madhok, K. Ramkumar and Manisha Nalgundwar.

Others in the team were K. Seetharam, Vikesh Sethi and Sujit Verma. It was a collective effort and no individual member of the team should get all the credit.

PRANNOY ROY
New Delhi

r last issue we published obituary of Hotchand das Advani. Since then his l and spiritual companion Jashan P. Vaswani, a well-n spiritual leader based in has sent us his personal te.

shall pass through world but once...."

omas Edison, the great in-or, it is said that the last s he spoke were to his wife, : "It is very beautiful over e." Soon, thereafter, he sank the lap of death.

believe this, too, was the ng of Mr. Hotchand aldas Advani, as he set out n the journey of death: "It is beautiful over there."

e had lived a full life. He was when he passed away on 9 '85 years young', as one of friends remarked. He was a el of a man — a loving hus-d, an affectionate father, a hful friend, and a trusting f.

e was friend, philosopher guide to many. They came im with their difficulties: he what he could to help them. believed that a man's true lth is the good he does in the ld. His life was a living com-ntary on the ideal so beau-lly expressed in the words of llet: "I shall pass through world but once. If therefore re be any kindness I can w, or any good thing I can do, me do it now: let me not defer r neglect it."

o know him was to love him. life was a mine of many vir-s. One of them was sim-city. He was simple in his ss, diet and daily living. I was n him at Lonavla, during the six days of his earth-rimage. I often wondered at simplicity of this great man. recall an incident which was characteristic of him. He had begun his law practice, en he learnt that a sewing chine belonging to a widow ner only source of livelihood was about to be auctioned ause she could not repay a t. The widow was a complete nger to him, but in Mr. chand's heart there was a place for everyone. He bought the machine and restored it to the widow. Many are the people who have come to me and said, "Our Dada is gone: to whom shall we go now?"

He was a man of integrity and character. His hands were clean: his life was pure: his heart was rich in dreams and aspirations — all directed to the well-being of people.

He believed in the power of prayer and, not unoften, spoke to us of the miracles prayer could perform. How true it is, as a man of science has said, prayer is the mightiest and the most unused power in the world. He practised silence everyday, and sought to understand the meaning of the mystery of the endless adventure of existence. He kept his daily appointment with God.

He was positive in his approach to life and its problems. He saw no evil. He greeted every experience as *prasadam* from God's hands. In times of change, he lived in the assurance that God's angels went before him and cleared his path and made it smooth. His last lecture — delivered at the Sadhana Camp, Lonavla — revolved round the thought of being grateful to God for everything that happened to us.

In his life there was a beautiful blend of courage and kindness. He had the courage to stand up for truth though the heavens fell. He encouraged his Sindhi brethren who, leaving behind their properties and possessions in the land of their birth, migrated to different parts of India, to stand up and earn by the sweat of their brow, be self-reliant and trust in God, the dispenser of the destinies of individuals and nations. Whenever he took a project in hand, he would see it to its fulfilment. He never gave up. He was a picture of kindness. On his lips there was a word of comfort for everyone who came to him in difficulty and distress. Adam Lindsay Gordon could have been describing Mr. Hotchand Advani in *Ye Wearie Wayfarer:*

Life is mostly froth and bubble,
Two things stand like stone,
Kindness in another's trouble,
Courage in your own!

He had a beautiful sense of humour. He drew upon his store-house of "jokes" — as he called them — choosing the one appropriate to the occasion. His jokes never hurt anyone and gladdened the hearts of his listeners. He also had a sense of humour. But his jokes never hurt anyone; they gladdened the hearts of his listeners.

Generations unborn will remember with gratitude his contribution to the cause of education. He was the founder-president of about 24 colleges and educational institutions — including a college of electronic engineering — in Bombay. At none of those institutions would he permit any capitation fee to be charged for admission. I trust the tradition will be kept up by his successors. Though he was well-aware of the defects of current education, he felt that one good thing it did was to help the young people to stand on their own feet and earn their livelihood with dignity and self-respect. I look forward to the day when, at the entrance to the K.C. College at Bombay — and the Chandibai College at Ulhasnagar — we shall have an imposing statue of Mr. Hotchand in the act of awarding diplomas and degrees to young people of different castes and communities.

He was a shining star of the Sindhi community. Though he never regarded himself as a leader, many turned to him for guidance and leading. Sindhi philanthropists, residing in different parts of the world, had complete faith in him. They sent him millions of rupees to further his educational and humanitarian work. He had reverence for the saints and holy ones of Sind — specially for Sadhu Vaswani, who influenced his life from his early days.

He was a great lover of books. He was fond of reading the latest publications. Every time he met me, he would speak of some recent book he had browsed. He was a fast reader. One day he told me that he could read at the rate of a hundred pages an hour. He thought deeply: he spoke softly: he acted devotedly. Though he was always wary, he had deep reverence for the *sat-purukhas*, the holy ones of humanity.

Great was his devotion to the *Bhagavad Gita*. He delved deep into the meanings of several *slokas:* he tried to bear witness to the great teaching in deeds of daily living. He believed in the words of Sadhu Vaswani:

In all religions, the Light is Thine: In all scriptures, the Inspiration is Thine: In all the Saints, the Picture is Thine!

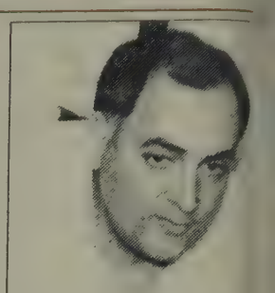
He kept himself busy. Work was the worship which he offered to God, every day. He had value for time: every moment was, to him, precious. A few years ago, he was asked: "Do you ever fall sick?" He answered: "I am too busy to fall sick." He was too busy to stop even for death. As Emily Dickinson has said in a beautiful poem:

Because I could not stop for Death,
He kindly stopped for me,
The Carriage held but just ourselves,
And immortality.

He wished to die in harness, without giving trouble to anyone. God fulfilled his desire. Death came to him with gentle footsteps. On his last day, though he travelled by road from Lonavla to Bombay — a journey of about three hours — he attended his office in the evening. He shared dinner with members of the family. He fixed the dates of his forthcoming visit to London. He retired to his bed at the usual time. A little after midnight he developed breathing trouble with a feeling of suffocation in the chest — and was gone within a couple of hours.

Hotchand Gopaldas Advani is not dead. A mind, so rich and radiant, so versatile and vivacious, so fine and fearless, can never die, but continues its search for Truth on the other side.

J.P. VASWANI



Reflections on a shameful crime

Over the last twenty years, the practice of building a consensus — which had characterised the Congress till then — broke down. The Congress (I) became centred around the cult of a personality, Indira Gandhi. Rajiv Gandhi, after his election in 1984 with an absolute and resounding majority, failed to re-assess the situation and revamp his own party. Other parties also came to cultivate special interests and abandoned any approaches which would weld the divergent and diverse communities of India into a common whole.

The BJP, for instance, chose to concentrate on a vision of a Hindu India — which necessarily meant that large sections of the populace had no place in its vision of the body politic. V.P.Singh seized on another divisive strategy, that of capitalising on caste. The Communists had, from the very beginning, cultivated only a very narrow sectional and regional interest. With this scenario there was no escape from the politics of alienation.

Political violence, in consequence, became rife. The case of V.P.Singh is particularly illustrative. He capitalised on already existing tendencies — violence among the various castes in Bihar was by no means a new phenomenon, with caste armies wreaking terrible retribution on each other. What he succeeded in doing was extending this phenomenon beyond the confines of Bihar, to an extent that led his opponents to feel that the only way to counter his appeal was to resort to self-immolation — even in the capital. The point is that there was no attempt at suppressing these divisive tendencies. If anything, politicians condoned it to cultivate their own special vote banks. There was no one of the stature of Jawaharlal Nehru who was willing to say "Thus far and no further".

The sacrifice of essential human values to political strat gies thus resulted in the condoning of violence. The BJP, wi its promotion of the *rath yatra*, negated the basic reality the essential equivalence of people irrespective of their fait The centrist parties displayed an equal moral bankruptcy

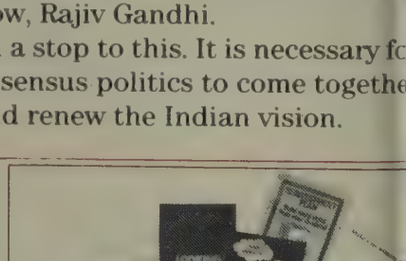
This echoed one of the most shameful episodes in o country's history — the promotion of Bhindranwale by th Congress to further its own interests. He could ride in Delhi, as an indicted criminal, on an open truck surrounde by armed men to be welcomed by the then home minister Za Singh. He was allowed to build an arsenal in the Golden Tem ple. What followed was equally shameful — Operation Blu Star. Indira Gandhi herself was then assassinated.

Over 5,000 people died in the following riots. Not only wa no attempt made to prosecute the ring-leaders but some them were even given seats as MPs.

The encouragement of violence was equally evident in th Sri Lankan episode. First, Eelam was encouraged and the S Lankan terrorists were given both support and trainin When they proved a liability, the Indian Peace Keeping Forc marched into Sri Lanka and attacked them.

Thus have the strategies of politicians encouraged po larisation. Every major political action centred aroun issues that perpetuated violence. The result has been clear i the latest round of elections — a total breakdown in the bod politic, caste battles, the rigging of elections and the murde of 200 people in poll-related violence, including several inde pendent candidates and, now, Rajiv Gandhi.

The time has come to call a stop to this. It is necessary fo all those who believe in consensus politics to come togethe under a common banner and renew the Indian vision.



Fairy-tale success of mutual funds

In contrast with its image in manufacturing goods, the public sector's reputation in financial services is significantly better. Nowhere is the label of success more apparent than in public-sector mutual funds which raised over Rs.7,000 crore from financial markets in 1990.

Why the dichotomy? Don't the usual disincentives of governmental interference, unmotivated workers and technological backwardness apply also to the public financial services sector?

The answer is that they do, but it matters little because of the monopoly of the public sector in such financial services. Consider government interference. In an equity market characterised over the last three years by rising markets, governmental interference on the quantities or kinds of shares pur chased has not affected rates of return significantly. The most telling example of this is Ambani's purchase in 1988 o 3.9 million Larsen & Toubro shares held by UTI, LIC and GI via BOB Fiscal and its subsequent "voluntary" resale to th same institutions without profit. Thanks to rising equit markets the institutions profited on both occasions withou any discretionary action on their part.

The problem will arise when their performance is tested b private-sector competition. The seeds of the problem ar already there. At present, for example, the schemes of public sector mutual funds are extremely boring in their similarity Yet no law prevents them from offering innovative scheme

as a fund devoted to investment in new issues or, say, in teel industry. Similarly open-ended mutual funds (with rchase at net asset value) have still not been offered in of being both legally possible and marketable. Mean-, the overall quality of research done by mutual funds is according to several fund managers themselves.

is not, however, fair to tar all financial institutions with ame brush. UTI has a reputation for high labour produc-, professional research and good client servicing, and ank Mutual for aggressive marketing of funds. But they not been adequately tested by competition.

ven that private-sector entry into mutual funds appears table, the role of SEBI becomes crucial. Although some e more recently formed mutual funds have been decry-SEBI's role on wanting more disclosure of fund portfolios reducing the razzle-dazzle of advertising, the fact is that SEBI's role is the protection of investor interest. This requires adequate disclosure.

Once the private sector enters, even the boring "doubling in five years" may become an ambitious goal. It is right for SEBI to force mutual funds to be cautious about their claims. SEBI should, in fact, also be vigilant about matters it has currently not taken up, such as disclosure on the style of market operations and the research basis of mutual funds. And, since there is no point in reinventing the wheel, it should examine closely the laws that have made Securities & Exchange Commission in the US so effective.

The mutual funds, currently basking in their success, should realise that protecting the investor preserves him as a client. It will have to make sure that investor confidence does not wither when the private sector turns on the competitive heat.

SE under pressure



he Bombay Stock Exchange is constantly under pressure from the government to change its ways. Earlier, it was ain public-sector financial institutions which wished to ome members, on the logic that they could better service nts than private brokers — a notion that their record as lic sector banks did nothing to enhance. BSE is now er pressure to admit 100 new professional members at 20 lakh each (about one-third of the market price). It is under pressure of a more fundamental sort to its exis-ce from the proposed ICICI-sponsored over the counter TC) exchange. This will initially list companies with an ity base upto Rs.10 crore. But once established, it will bably be only a matter of time before it lists larger com-ies and competes directly with BSE.

ll this reflects a fundamental difference in viewpoint bet-n BSE and the government on the role of a stock ex-nge. BSE views itself as a preserve of members holding able transferable membership cards, while the govern-nt views stockmarkets as an engine of economic growth. thinks that the two goals are compatible provided it can ip its members with the right facilities: incorporation, e space, computerisation, more training, etc.

SE points to the New York Stock Exchange as an exam-of an exchange that can service over 100 million shares a (compared to its own 10 million) with about the same ber of members. It feels that its monopoly and limited nbership preserve the professional character and unity embers so vital to a financial exchange, where a consid-le value of transactions is finalised by word of mouth from whose strength flows the strength of the primary kets as well as other financial markets. Brokers, accord-to BSE, should be the high priests of finance.

he government views brokers more traditionally as the mon coconut sellers outside the temple. They ought to provide clients access to transactions and not much more. Market prices ought to be determined by fundamental forces.

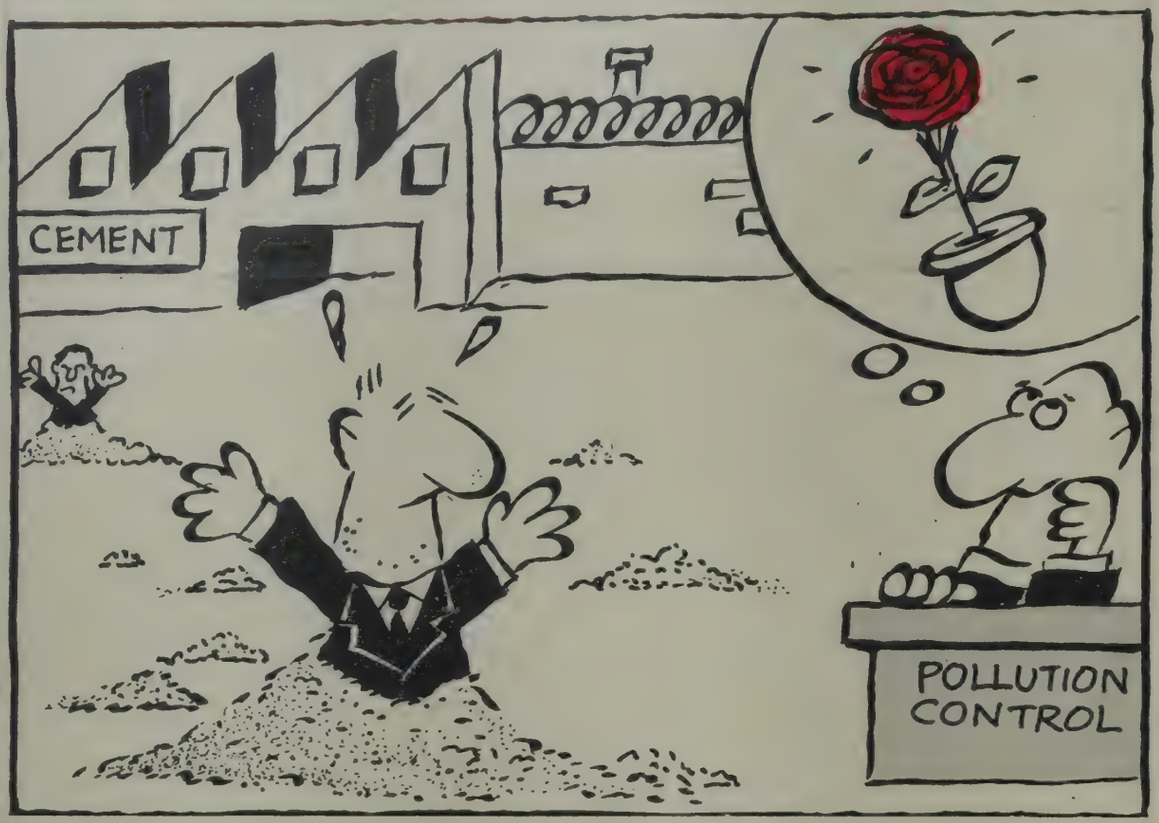
Both views are only partially correct. The government is right to view the prime role of the broker as not much more than bringing buyers and sellers together. To that end, BSE is currently short as it does not have the capacity to service clients adequately. However, adding many more members quickly could cost BSE its prized cohesiveness which has prevented any serious defaults so far in spite of sharp market swings over the past year.

While BSE is right in arguing that better facilities will improve its capability to service clients, it is truer to say that even its current capacity is used more to service its own speculations (60 per cent of total volume) than the small client's trades. An improvement in the facilities of members as also an increase in the number of new members need not therefore solve the clients' problem, but could merely increase the volume of speculative business.

There is nothing wrong with speculation by itself. It increases the flow of information into prices and thereby makes markets smoother. The problem is that much speculation is done by insiders via brokers with little accountability for their losses. In such a safe framework, why bother to take on client business, especially small clients?

Thus, the solution does not lie only in increasing competition inside the exchange by inducting new members. This will reduce the value of a card to more affordable levels but will do little to improve client servicing unless the accountability of brokers is increased via a strong Securities and Exchange Board that investigates and imposes stiff penalties for insider trading. The second solution is to increase competition to BSE itself. A properly organised OTC, without limitations regarding equity size, and with private membership which allows dual listing, makes eminent sense.

Pollution-free cement plant



It is hard to imagine a cement plant that is dust free. But that is exactly what Ambuja Cements' plant at Vadnagar claims to be.

It all started when the Ambuja engineers visited a cement plant. They came out coated with dust from head to toe. A few months later, when Ambuja was setting up a plant at Vadnagar, they were approached by a delegation of farmers worried about the effects of pollution from the plant. The engineers took an on-the-spot decision. They gave a written undertaking to the village panchayat that emissions would be controlled and that their crops would remain unaffected.

To achieve international standards, the company sent its team of engineers to Switzerland to study pollution control. The engineers found a plant near the Swiss Alps operating at 50-100 mg/per NM3 — possibly the world's most pollution-free cement plant and returned with the resolve to achieve the same.

Expensive filter bag pollution control machines were set up and individual responsibility assigned to each engineer to ensure filters were regularly cleaned so that the pollution control system worked at maximum possible efficiency.

To monitor its effectiveness, a rose garden was set up in the middle of the plant to see if it would flourish. Pollution levels dropped to 120 mg/per NM3. There was no visible sign of smoke or dust even 200 yards from the plant. The farmers were satisfied. The roses on closer inspection, however, had a film of dust. So in February this year, Ambuja Cements installed an electrostatic precipitator on the clinker cooler. Pollution levels dropped further to 70-80 mg/per NM3. And the rose garden was flourishing.

CERC on the up and up

The Consumer Education a Research Centre (CERC), Ahmedabad has certainly come of age. The organisati now has an annual expenditure of Rs.25 lakh.

Today CERC has a strong legal cell; the largest library on consumer affairs in India a modern computer centre; an internship programme fo consumer activists; a staff o about 30; and a product testing laboratory.

The organisation that spent only Rs.250 annually when it started, is today willing to pay up to Rs.80,00 per annum to its director!

Safety norms

To help existing companies as well as new entrepreneur the Bombay Chamber of Commerce has compiled a manual on "Some important statutory provisions on safety, health and environment, as applicable t manufacturing units". The 2 Central Acts and rules passe so far in these areas, the permissions and licences required under the different statutes, as well as the various norms of occupational safety and environmental protection that factories have to adhere to, have been dealt with in the manual.

Now few companies can sa lack of information was the reason for negligence.

I.K.
Bombay

Whistling skyscraper

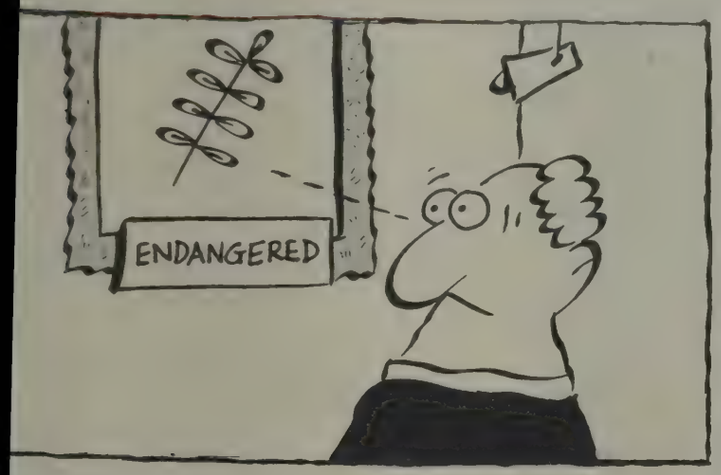
Noise pollution has reached new heights in New York city, where a 72-storey building whistles loudly every time the wind blows. City inspectors feel that the noise may be caused by wind blowing over louvres on the building's dome. The architect however says that he needs to study the situation before he can propose a solution.

Meanwhile, hundreds of complaints about the whistling have been received by the city's Department of Environmental Protection and the builder of the multi-storey building has been cited for violating a noise control ordinance.

Business India invites readers to send original unpublished contributions to this page. The snippets can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs. 50 paid for each published contributions.

vent to remember



fortnight about a
dred secretaries of senior
utives from most of the
ompanies in Pune, like
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ge and J.M. Marshall
nered in Hotel Blue
mond, the only five star
el in the city. The event —
annual boss-secretary
ner, a treat the secretaries give to their bosses.

The event is organised by the National Institute of Personal Secretaries better known as NIPS. Besides creating an informal atmosphere several surprise gifts for punctual bosses and contests for smart secretaries make the event an occasion to remember.

R.K.
Pune

ections in the od old days

stone tablets belonging to Chola rulers of
aramerur (Chingleput rict), believed to be more n a thousand years old e found inscriptions ting to the village embly (sabha) elections. he qualifications for didates standing for the ha elections were as ows:

- wnership of a piece of able land
- ossession of a house built one's own land
- ge: not more than 60 and less than 30 years
- oral and spiritual purity rectitude

mong the ualifications were the owing:

- ne candidate should not e served as a member of *variyams* (sabha) during previous three years
- e should not have a rd of corruption or violence and should not have committed other crimes
- He should not have relatives with a criminal record.

Vishwanath K. Sawant
Bombay

Children show the way

Pest control could not be more environmentally friendly. In the village of Kannaur in north-western UP, children help farmers control pests affecting the sugar crop. Every morning the village children collect pest-infested leaves of sugarcane, pack them in bundles and take them to the nearby Simbhawali Sugar Mill. The infested leaves thus collected are burnt at the gates of the mill.



This unique integrated pest management experiment was initiated by the sugar mill in 1987. The children of the village were taught to identify the larvae, pupae and the adult moths. "Once identified and started collecting infested leaves," says S.K. Taneja, agronomist at the sugar mill.

Initially the children were given sweets and candies in exchange for infested leaves. Now they are paid two paise per leaf.

What began at Kannaur has now spread to 16 other villages nearby. Last year over 300 school children took part in the campaign and earned nearly Rs.85 each. Farmers on the other hand benefited greatly from this programme. Pests responsible for reducing yields by 20 to 25 per cent were eliminated by children without any extra cost to the farmer.

Little known exports

India's fruit and vegetable exports have been much talked about, but did you know India has been exporting medicinal plants, herbs and flowers as well?

Herbs, which played a vital role in traditional health care systems, are now earning Rs.60 crore in foreign exchange. And their exports are expected to touch a whopping Rs.100 crore mark by the end of the year.

India's share in the two billion dollar international flower market on the other hand is about one million dollars.

However, India's performance is wanting on both counts.



Diversification, Essar style

Essar is planning to get in a big way into portfolio management, venture funds and offshore funds, apart from merchant banking, through its company India Securities. Currently based in Madras, India Securities was earlier known as India Factors and had managed the Essar issue before Essar bought it over in 1989. Now Essar wants to go public with an issue of the size of about Rs.10 crore. It will be a rights issue.

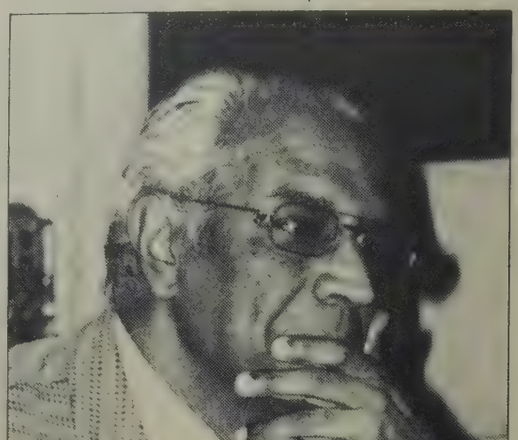
More paperwork for banks

After B. Ratnakar, the go-getting former chairman of Canara Bank set the pace, banks started competing with one another to publish their balance sheets first. This year too the race began with a few medium and small banks meeting publishing deadlines before the bigger banks could get anywhere close. But around 10 May, the finance ministry said, "Enough".

According to the ministry communique, banks must send their finalised accounts to it at least seven days before signing them at board meetings. But why the communique, ask banks, when the government nominee on any bank's board is in the know of everything a bank does and is supposed to have cleared any doubts the ministry may have had? Finance ministry sources say the whole procedure needed an overhaul. Even though the board meeting agenda is sent in advance, in most cases the accounts reach members only a day or two before meetings leaving members hardly any time to scrutinise the accounts thoroughly. And now, with "transparency of bank accounts" having become the buzzword in the ministry, the finance mandarins probably don't want to take any chances.

Beware the white knight

He came in as a white knight. Now, if he has the blessings of Peter Gammon, Abhijit Rajan may end up taking control of Gammon India. Managing director Subba Rao had apparently brought in Rajan to thwart Manu Chhabria's attempts to taking over the construction giant. After the



Rao: on the losing side?

dust had settled, this is how the shareholding pattern looked — Subba Rao 10 per cent; Abhijit Rajan 30 per cent; Manu Chhabria 30 per cent and Peter Gammon 8 per cent. The key to the new configuration is now with Gammon. Whoever acquires his 10 per cent will emerge the victor. Earlier, he had decided to back Rao but is now known to be supporting Rajan.

Scrounging around for scrap

Mini steel and alloy steel manufacturers are in dire straits because of the country's foreign exchange problems. They largely depend on scrap imported from hard currency markets like the US, Germany and Canada. With the forex crisis, they had to look elsewhere. Russia, with whom India has a bilateral trade contract, was where they looked. But Russia refused to honour its trade obligations as it, too, is in need of hard currency and wants no rupee earnings. Now the steel producers are desperate. One delegation is already in Czechoslovakia — another rupee trade country — to explore import possibilities. But the negotiations aren't making much headway. However, Indian importers are ever hopeful. Some of them are busy trying to get their rupee-rouble licences (obtained from the Controller Imports & Exports) converted to ru licences so that they are ready when Czech consignment does manage arrive.

New name, new product

Boehringer Mannheim Ltd (Boehrin Knoll just three months ago) is m probably adding an anti-typhoid vacc to its impressive list of cardio-vascu and antibiotic drugs. The project, es mated to cost Rs.45 crore will come up the company's factory at Kolshet, Tha Boehringer is approaching the Controll of Capital Issues to obtain permission a partly convertible debenture issue to nance the new project. Once the an typhoid vaccine hits the market, it is e pected to give a boost to the compan bottomline (1989-90 sales: Rs.35. crore; gross profit: Rs.1.69 crore). Apa from India, east Asian and south ea Asian countries are expected to be t major markets for the vaccine.

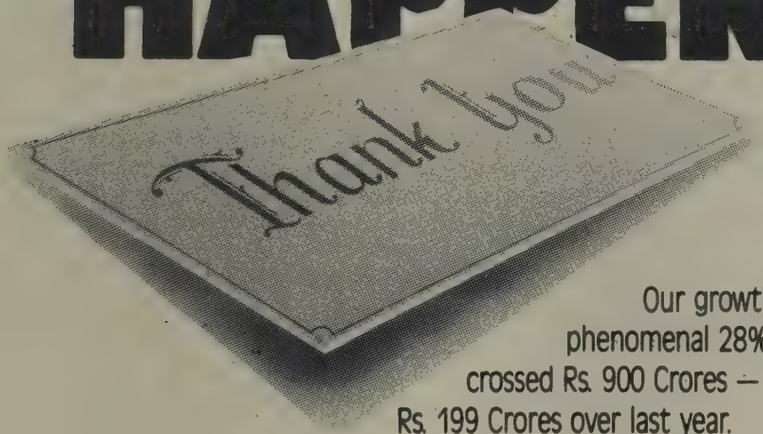
HLL's continuing thrust

No time is being wasted by Hindust Lever Ltd (HLL) on the export front. A reported earlier in *Business India*, HL has retained the American consultan firm McKinsey to develop a new expo strategy for the American and Europea markets. Five core areas have been iden fied: textiles and garments, leath (Pond's has built a strong base Madras), toiletries, foods (especially m rine products) and agri-products. Wi the new strategy, the company expects record an export turnover of Rs.300 Rs.400 crore by 1995. In 1990, the expo turnover was around Rs.195 crore.

Retrenchment time

Retrenchment — a fact unknown to th high growth computer industry in th past — now seems to have become a wa of life. Some of the largest compani have resorted to laying off personne These include Hindustan Compute (600 people), Wipro Infotech (100), Z nith Computers (45) and Hinditro Computers (30). The tight money poli and slower growth are some of the re sons for the current state of affairs.

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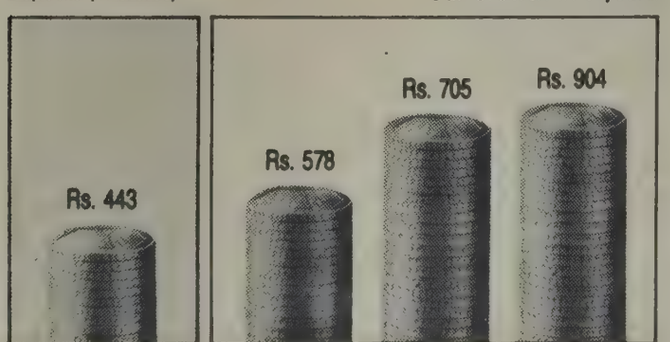


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PSI BULL

Changing tracks

When Bull SA of France increased its stake in the ailing PSI Data Systems from 26 to 40 per cent last year (see *Business India*, 19 March 1990), it surprised many people. This time around, there are more surprises.

The French multinational has successfully persuaded the Tatas to pick up 10 per cent of the stake in PSI's Rs.27.5 crore equity through the Tata Electric Companies. In addition, NELCO, a Tata company in which Tata Electric has a substantial equity stake, is to introduce the UNIX operating system for workstations in India through a technology transfer arrangement with Groupe Bull.



Lange: "virgin market"

On the manufacturing front, the new Rs.15 crore plant at Peenya, Bangalore has been commissioned. PSI has also acquired the license for a "Software Technology Park" (the second such private company, after Texas Instruments). And most interestingly, there is a proposal to change the name of the Bangalore-based company to Bull India.

Losing streak. When that happens, it will finally severe the company's links with its four original Indian promoters. The new French management, which had started playing an active role some time last year, gave a definite thrust to the company by identifying mainframes as the market to concentrate on. And the move has started paying off. In 1990-91, PSI sold eight mainframes, valued at Rs.11.82 crore. This constituted 50 per cent of the mainframes sold in the country and 80 per cent of those which went to the banking industry, the main buyer.

However, in spite of all these achievements, PSI continues on a losing streak. Against a turnover of Rs.22.77 crore, the company ended the year with a loss of Rs.54 lakh. But that does not faze managing director Mark Jennings who says, "We were expecting a loss of Rs.4 crore." The new management is confident of putting up a better performance in the months to come. "The mainframe market in India is still virgin territory," says Ove Lange, executive vice-president, Bull SA. "An improvement in the Indian telecommunications system, for example, can lead to a big increase in the demand for mainframes. The market here is just waiting to explode."

While mainframes will continue to be the bread and butter in the future as well, PSI also plans to take more interest in software. "We shall strive to maintain a regular and attractive cashflow from software, by catering to Indian customers as well as to markets abroad," says Lange. PSI earned Rs.9 crore from exports in 1990-91, a phenomenal 335 per cent growth over the previous year!

Bull's decision to play a major role in the future of PSI can best be summed up in the words of Lange when he says, "Thanks to its fast pace of modernisation, India will be a major player in the next century." That, and the fact that India can serve as an ideal springboard for Bull's activities in the the fast emerging Far-east Asian markets, could help keep the French multinational's interest alive in its Indian affiliate.

■ RAJU BIST

SCINDIA TAKEOVER

Final countdown

The open offer being made for the takeover of the sick Scindia Steam Navigation Co Ltd is the second one in Indian corporate history. And this move, made by the Shipping Credit and Investment Company of India Ltd (SCICI), has been welcomed by the corporate community. Earlier, open tenders were invited for the takeover of Titagurh Paper Mills, but there were no takers for it, till Lalit Thapar picked it up. The SCICI offer is in direct contrast with the takeover of L&T in 1988 by the Ambanis, which was made possible by a clandestine divestiture by the FIs.



Scindia House: any takers?

Scindia Steam, which was taken over by SCICI in 1987, has now invited open tenders. Early this year, SCICI had invited offers for the takeover of Scin Steam's management. The package cluded Scindia Steam and its two sub iaries — Scindia Workshop Ltd Eastern Bunkerers Ltd. The Reliance dustries Ltd, Peerless group, Essar Sh ping, Great Eastern Shipping, Dalmia Industries, Calcutta-based M anda Industries, two UK-based non r dent Indians and Sumati Morarj chairperson emeritus of Scindia among the few who have responded this invitation.

The bids, opened on 16 May, will evaluated by Credit Rating and Inform tion Services of India Ltd (CRISIL). T credit rating agency's evaluation proc will be completed within six weeks. cording to N.C. Singhal, managing dir tor of SCICI, the selection will be bas on two important factors — financ health and managerial expertise. "T focus will be on the proposed debt structuring, and the company's ability meet the government liabilities," e plains Singhal.

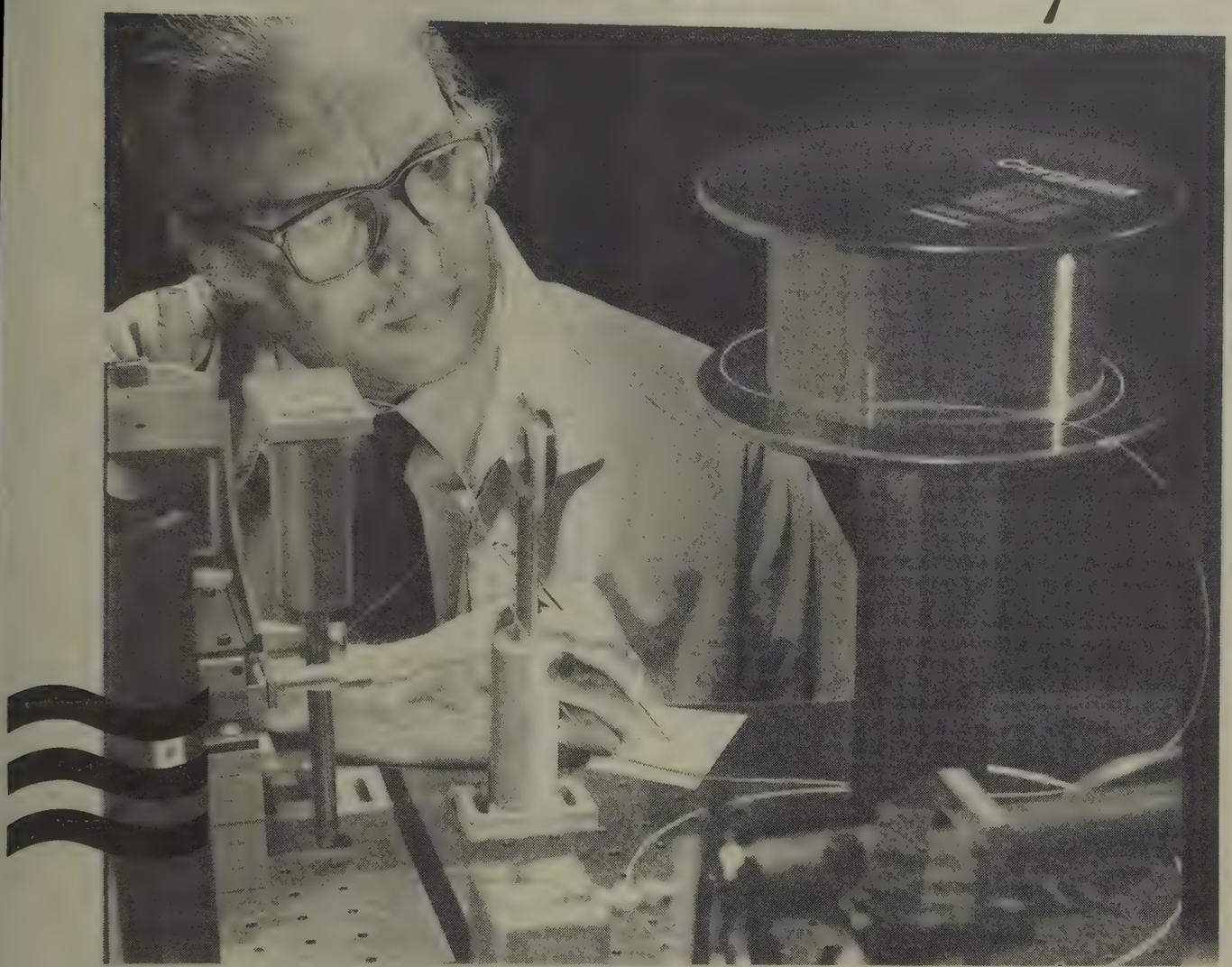
Restructured. Incidently, in 1986, t government and the SCICI had decid that the company should be given pref ential treatment and a status quo in ownership maintained. In August 198 the restructuring of the company bega The board was reconstituted and i cluded government nominees under t supervision of SCICI.

When SCICI took over, the company w in red having accumulated losses of Rs crore and a debt of Rs 136 crore payable the government, while another Rs 21 cro was due to various cred tors. Against this w the company's agei fleet — its 23 shi which would not fet more than Rs. 50 crore

Though the compa is making a profit current operations, la of adequate workin capital is posing pro lems, says Singhal. Th government's motive b hind inviting tende was to give equal oppo turity to all private pr moters vying to tak over Scindia. Accordin to experts, shippin companies hold a bett chance of being selected due to their ex pertise in the field.

■ MAHIRA SHEIK

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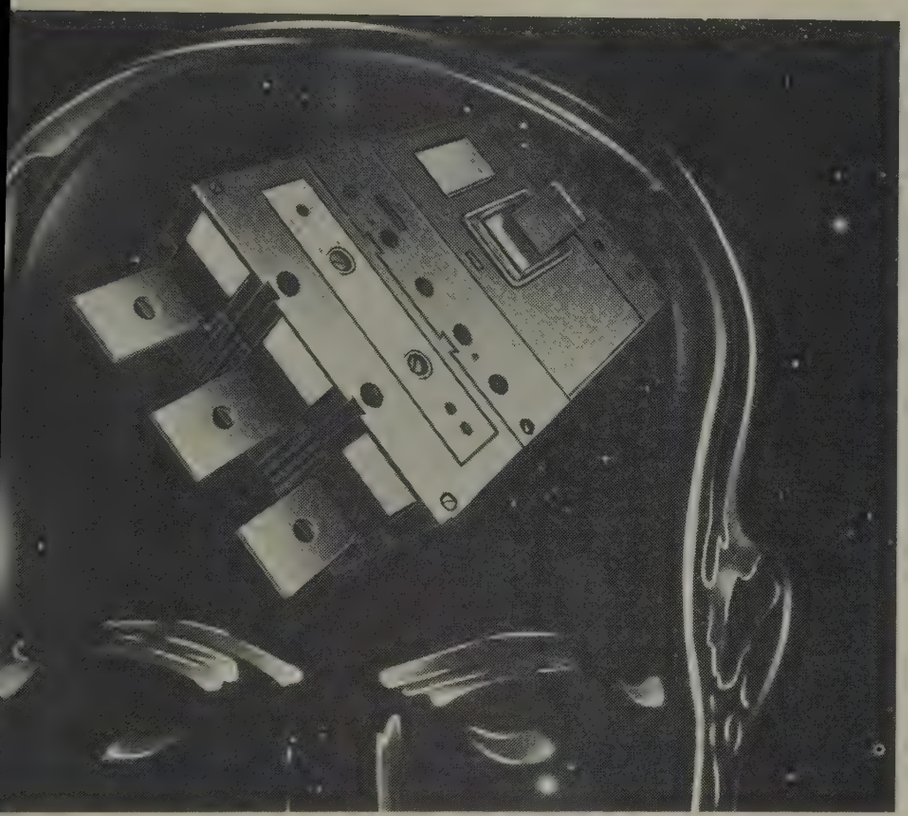
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ECONOMY

Trade deficit up

Provisional figures released by the Directorate General of Commercial Intelligence and Statistics show that India's trade deficit has gone up to Rs.10,643.53 crore against the previous year's Rs.7,730.41 crore — an increase of 37.7 per cent. The deficit is attributed mainly to the increase in the petroleum import bill.

AEC pools in

In an effort to earn precious foreign exchange, the Atomic Energy Commission has offered to reprocess spent fuel from other countries as a commercial service. This would require countries to ship the material to India where the plutonium would be separated. Orders are awaited.

RBI's new curbs

The RBI has announced a 25 per cent surcharge on import finance, and restrictions on large



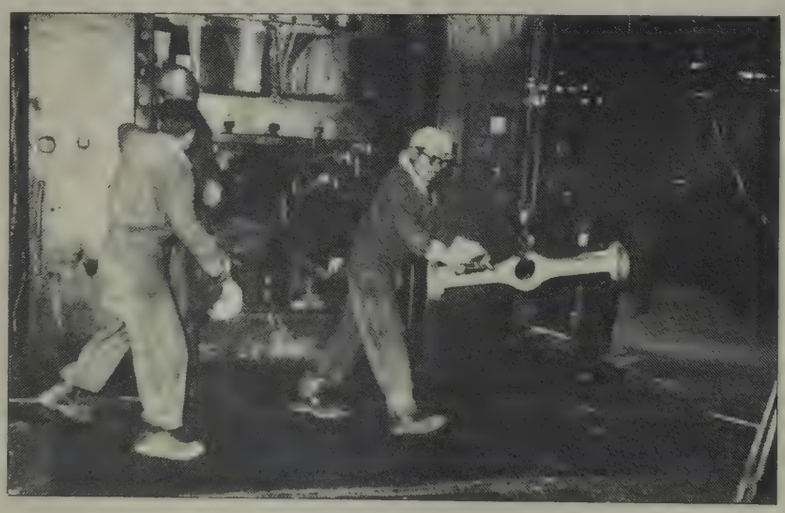
cash withdrawals. The first move will severely curtail imports whereas the latter will restrain credit by narrowing the gap between sanctioned limit and actual utilisation of funds.

Hawala transactions increase

Funds running into hundreds of crores of rupees are flowing into the country as a result of a whopping increase in *hawala* transactions in Bombay over the last four weeks. Gold smuggling has dropped as major operators have shifted to *hawala*. The premium on the dollar has fallen from 23.62 per cent to 18.9 per cent.

Phased decontrol of steel prices

The finance ministry has decided to delay full decontrol of steel prices in view of the worsening balance of payments situation. Though the department of steel has advocated the implementation of both — phased decontrol of steel and reduction of import duties on steel products to moderate levels, The finance ministry is reluctant to reduce import duties given the foreign exchange crunch.



Interest spreads hiked

The Union finance ministry has substantially hiked the interest rate spreads for contracting short-term loans abroad. The spread has almost doubled for six-monthly credit, known as bankers' acceptances (BAs) by 0.60 basic points from the earlier 0.65 points above the London inter-bank offer rate (LIBOR). This move is one of the many attempts by the finance ministry to tackle the escalating foreign exchange crunch.

ADB to launch mutual fund

The Asian Development Bank (ADB) will launch India Equity Fund, a type of international mutual fund, to promote overseas investments in the equities of new companies of India. ADB will participate in the fund to the tune of $10 million.

Interest on SDF loans hiked

The ministry of food and civil supplies has raised the interest on Sugar Development Fund (SDF) loans from 6 to 9 per cent per annum. Other notifications on the anvil include a ceiling of Rs.5 crore on SDF loans, denying loans to the private sector and large sugar units with capacities over 5,000 tonnes crushing per day.

New guidelines for OTCEI

The Union government has released fresh guidelines for the listing of companies on the Over The Counter Exchange of India (OTCEI), which is expected to be operational soon.

Under the new guidelines, the lower limit for listing has been fixed at Rs.30 lakh equity capital and the upper limit at Rs.10 crore. Finance, leasing, investment and hire purchase companies and amusement parks will not be eligible for listing.

CORPORATE

Hindustan Ciba-Gie for weedicides

Hindustan Ciba-Giegy Ltd planning to enter the weedic market with two new produ — metalachlor, used on so bean and maize crops and p tilachlor, a rice weedicide. T company has already receiv provisional registration metalachlor and has sou permission for ea commercialisation.

Associated Beverage Soviet venture

Associated Beverages Pvt Ltd Meghalaya-based company, h signed a MoU for setting up food processing unit in the S viet Union. The project will be joint venture with the Repub of Georgia. The project, e pected to go on stream mid-1991, will have a produ tion capacity of approximate 20 million packets of fruit-jui and jams per year.

The products will be sold f roubles on the Soviet mark and also for hard currency o the Soviet as well as third wor markets.

Escorts to make harvesters

Escorts Ltd has received pe mission under the MRTP Act fo floating a joint-venture com pany, Escorts Class Ltd, to ma ufacture self-propelled combin harvesters. The company ha tied up with Class OHG of Wes Germany for technical and fi nancial collaboration. The co laborators propose to take a 4 per cent stake in the compan They have also undertaken t buy back a specified quantity o the output.

The permission comes afte an eight-year long tussle durin which Escorts' entry was stiffl opposed by Punjab Tractor Ltd, the only manufacture of self-propelled combin harvesters in the organise sector.



T bags Malyasian tract

construction group of en & Toubro Ltd has ed a Rs.16.8 crore contract esign and construction of a bridge in Malaysia. The e will be located across the Limbarg in the state of wah. L&T has already con- cted two bridges in Mal- worth Rs.35.75 crore.

C plans more jects

n Oil Corporation is plan- to set up projects worth 000 crore in the next three . These include additional uct tankage at 53 locations cost of Rs.438 crore and tap-off terminals on the 4 km Kandla-Bhatinda line at Rs.138 crore.

Thirumalai Chem bags order

India's largest manufacturer of phthalic anhydride, Thirumalai Chemicals Pvt Ltd, has bagged an export order of $1 million to supply 1,500 tonnes of the chemical to China.

The company is however facing problems in execution as the buyers are insisting on shipment within three or four weeks of placing orders. The Indian company is unable to commit this because issue of advances under the duty-exemption scheme takes an unduly long time even if the applications are in order.

RPG's joint venture

RPG Enterprises has signed a joint-venture agreement with Benninger Company Ltd, a Swiss multinational, to manufacture weaving, preparatory and finishing machines. The 125-year-old Swiss company, a leading textile equipment manufacturer, will have an equity stake in the company.

The venture will provide service support to over 100 well-known textile clients in India.

IA to increase capacity

Indian Airlines plans to increase its capacity by 30 per cent and carry over 30,000 passengers per day by the end of this year. The airline also plans to have its entire Airbus A-320 fleet back in operation by December 1991.

J.K. Industries' dairy venture

J.K. Industries Ltd of the J.K. Singhania group of companies has received government clearance for a Rs.30-crore project; its first foray into dairy products. The plant, to be set up in Uttar Pradesh, will manufacture 10,000 tonnes per annum (tpa) of yoghurt, 18,000 tpa of flavoured milk, 1,800 tpa of malted and infant milk and 300 tpa of low-fat cheese.

INDUSTRY

Exports up

There has been a seven-fold increase in the exports of castings and forgings, from Rs.14 crore in 1985-86 to Rs.97 crore in 1989-90. This amounts to an annual growth rate of 60 per cent. The world growth rate for the casting and forgings industry was 28 per cent during the five-year period ended 1988.

Prices to be checked

The government is considering the possibility of imposing curbs on sponge iron manufacturers, in a bid to curtail the arbitrary increase in sponge iron prices. The government will also be meeting sponge iron producers to discuss this issue. The price of sponge iron was hiked several times recently, even though cost of production did not increase significantly.

Freshwater fish farming

An intensive freshwater fish breeding programme supported by the department of biotechnology is expected to increase Indian production of fish. Farmers will be offered a technology package for the production of 25 tonnes of fish per year, per hectare of freshwater. This would mean a 50-fold increase over current yield, which is around 500 kgs per year.

Shortage of copper

The virtual halt in the import of copper by Hindustan Copper Ltd and MMTC has affected industries using copper as a raw







Over the past two years, KVB has been associated with the public issues of several leading companies, as Managers, Co-Managers, Underwriters and Bankers. The reasons are obvious: KVB's evident competence, commitment to the job on hand and above all, the personalised service that KVB is known for. And KVB's reputation among investors and merchant banking establishments particularly SBI Capital Markets, Canfina and PNB Financial Services, speaks for itself.

In the years to come, KVB is all set to further consolidate its position as merchant bankers.

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- **ONIDA SAKA LTD**
- **RAYMOND SYNTHETICS LTD**
- **ROLTA INDIA LTD**
- **SM DYECHEM LTD**
- **SENTHUR SHOES LTD**
- **BCC FUBA INDIA LTD**
- **LAKSHMI SYNTHETIC MACHINERY MANUFACTURERS LTD**
- **WYETH LABORATORIES LTD**
- **TEXTOOL COMPANY LTD**

The back stage men of many leading issues KVB The Public Issue Specialists

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B Baskaran
Chairman

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the calendar year 1991, making import unnecessary.

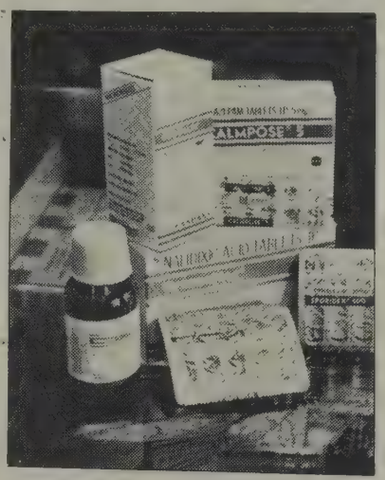
Cut in sugar exports?

As a result of low sugar prices in world markets, India may not export 500,000 tonnes of sugar as previously planned. Export commitments have already been made only for 150,000 tonnes.

The world price of sugar is currently around $265 per tonne as against $300 last month. Sugar production for the year 1990-1991 (October-September), meanwhile, is expected to be a record 11.50 million tonnes.

Drug prices may rise

The Joint Council of Pharmaceutical Trade and Industry has warned the ministry of chemicals and petroleum that it might have to unilaterally raise drug prices. This was conveyed in a telegram to the ministry,



stating also that the cost of inputs has gone up. At present, the consumer pays 40 paise of tax for every rupee spent on drugs.

New caustic soda units

Seven caustic soda units which were earlier given licenses, are likely to go on stream since financial institutions are now in favour of the idea. The reason for this is two-fold. One, demand for chlorine, a by-product of caustic soda is expected to rise when the proposed PVC plants of IPCL, Finolex, Reliance and DCM take off. Two, there is a shortage of capacity as eight out of the 40 existing plants are out of operation. There is also a potential for export of caustic soda to South-east Asian countries.

DIARY

EVENT/VENUE/DATE	ORGANISER
Workshop on How To Prepare And Operate Emergency Plan For Process Industries at Hotel SeaRock Sheraton from 24 to 26 June	Centre for Professional Excellence D6/57 Greenfield, off Mahakali Caves Road, Andheri (E), Bombay 400 093 Tel: 6377408
Course on Total Productivity Management at XLRI, Jamshedpur from 24 to 28 June	Xavier Labour Relations Institute Post Box No. 222, Jamshedpur 831 001 Tel: 25231-3
Programme on Innovative Approaches To Managing Labour at Taj Bengal, Calcutta on 28, 29 June	Creative Communication and Management Center, 2nd floor, Raja Bahadur Building, 8 Ambalal Doshi Marg, Bombay 400 023 Tel: 273006

LABOUR

SBI strike deferred

The proposed one-day token strike by the All India State Bank Officers' Federation on 10 May was deferred. The decision was taken following an assurance by the chairman of SBI to implement the agreement. The strike call was given by the federation to implement the agreement on promotion policy and categorisation of difficult centres.

Transport workers agitate

Talks between the agitating Bus Transport Workers Union's representatives in Tamil Nadu and a high level team of state government officials failed to end a two-day strike the union had called. The government refused to yield to the workers' demand for suspension of the police officers responsible for ordering the firing on transport workers at Vellore on 6 May 1991.

Leaders of the Transport Workers Unions say that the officials, led by Tamil Nadu chief secretary T.V. Antony, made it clear to them that the government was not prepared to take any action as a judicial enquiry had already been ordered into the incidents.

Wage hike for tannery workers

About 50,000 workers employed in the tanneries in Tamil Nadu will receive wage hike of Rs.270 per month. Five major unions, CITU, AITU, INTUC the LPF of DMK and the ATP of

AIADMK have dropped their plans to go on strike from 16 May. The tripartite agreement has brought a hike of Rs.5.27 per day in the basic wage. Dearness allowance is to be paid at the rate of 13.50 paise per day for every five point increase in the cost of living index above 2.75 points.

One-day strike

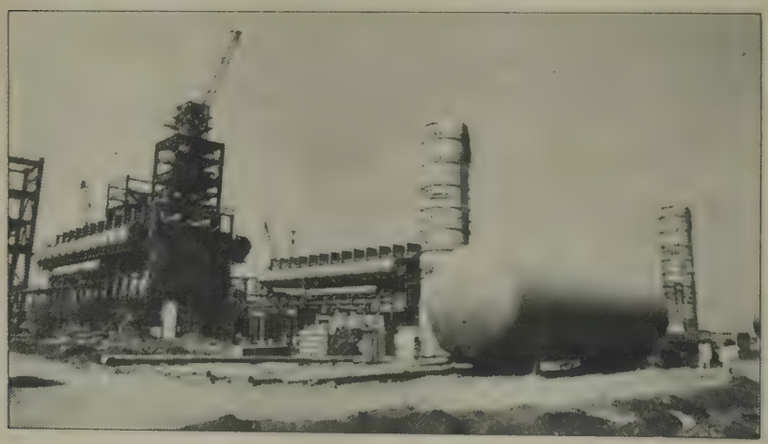
Workers of Trichem Ltd at Ambarnath near Bombay staged a unique protest by shedding their clothes and walking in a procession in their underwear. They resorted to this form of protest in support of their demand for wage revision and other issues.

Violence at RPL plant

A group of agitating workers indulged in heavy brickbatting at the Reliance Petrochemical Ltd (RPL) plant at Hazira. The trouble started over a tiff between a worker and a security guard. The worker was detained in the security staff quarters and interrogated following his inability to produce his identity card.

Lock-out lifted

The management of the Madras-based sugar company, KCP Ltd, which employs about 530 workers, has finally lifted the six-month-old lock-out in its engineering division in Madras. This follows an order passed by the Tamil Nadu government directing the management to resume operations. The company declared a lock-out on 30 October last year in the wake of a strike declared by the employees. The main issue was over the offer of lower bonus for last year in comparison with the previous year.



Strike threat

Employees of Rallis India are preparing for a court battle to prevent the sale of the engineering division to the Calcutta-based HMP Group. According to a company spokesperson, the sale of the loss-making engineering division is an attempt by the management to pull the company out of the slough of faulty policies of management.



Rasta roko by texti workers

Workers from closed te mills and retrenched wo from other industrial uni Bombay staged a *rasta* and blocked traffic for

the last few years. According to Madan Phadnis, leader of the Rallis Group Employees Union, the employees fear large scale retrenchment and a cut in their salaries. He says that although there may be several reasons for the sale, the employees are being made scapegoats for the

30 minutes between VT Mantralaya on 10 May. agitation was led by the Ba Girni Kamgar Sanghrsha, Woollen Kamgar Sanghat and the Silk Workers' Union demand that the governm should resolve their pend problems.

LANDMARKS

Awarded, to the Indian Petrochemical Corporation Ltd (IPCL), the national safety award by the National Safety Council, US, for 4.43 million manhours of accident-free operation at the company's Baroda plant. This is the eighth time that it has bagged this award. Incidentally, IPCL's upcoming plant at Nagothane, outside Bombay, suffered a major disaster in November last year in which 20 people were killed.

Awarded, the 1990 'B.D. Goenka Awards for Excellence in Journalism' to Nikhil Chakravartty, editor, *Mainstream*, and Harindra Dave, editor, *Janmabhoomi & Pravasi*. The awards, consisting of Rs.1 lakh and the citation, were presented in Bombay by former vice-president M. Hidayatullah.

Launched, Mars, India's first indegenously built multi-purpose research vessel for geophysical, metallurgical and military-related use. The 84-metre-long ship was built by the Garden Reach Shipyard near Calcutta at a cost of Rs.65 crore and will be under the charge of the Naval Physical Oceanographic Laboratory.

Nominated, Manu Shroff, former editor of *The Economic Times* and currently advisor, Unit Trust of India, N.K. Shinkar, ex-chairman, Life Insurance Corporation of India, and Suresh A. Shroff of Amarchand & Mangaldas Shroff & Co. to the board of Bombay Stock Exchange as representatives of the public.

Died, K.M. Kannampilly, 79, former Indian Ambassador to Indonesia and Denmark, on 13 May. A former chairman of the Kerala Kalamandalam, he was a close associate of Netaji Subhash Chandra Bose and a participant in the then Indian National Army. He leaves behind his wife, four sons and a daughter.



IT WAS MY ENTIRE WORLD,

UNTIL THERE WAS YOU.

THE KITE DRIFTED WITH MY THOUGHTS.

I'D WATCH YOU, AND DREAM

WE'D GROW UP, MARRY...

TODAY MY HEART SOARS.

THERE ARE NO KITES TO CUT.

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Percept

J. RAO

He was the man who revolutionised the consumer banking business in the country. Now Jaithirth "Jerry" Rao is all set to test his skills in foreign waters.



Citibank's vice-president and chief executive officer of its Indian operations is taking up the additional responsibility of supervising the bank's growing consumer banking operations in the Gulf. Citibank, which has been operating in the Gulf since 1964, has seven branches in United Arab Emirates, Bahrain and Oman. Rao, who has worked previously with Citibank, Saudi Arabia, set up the consumer services group of Citibank in India in 1985. This is the first time that a Citibank executive from India is looking after the bank's Gulf operations. For Rao, it's yet another milestone in a successful career

MADHUR MURARKA

Last fortnight, when 20th Century Finance Corporation (TCFC) — the country's foremost leasing company — joined hands with the reputed brokerage firm Batlivala and Karani



(B & K) to form a new venture, Finesse Capital Services Pvt Ltd, it opened for the corporate sector one more window for meeting its funds management need. The new company will provide non-fund based services ranging from bill discounting to asset, portfolio and treasury management, as well as forex and project advisory services.

The new company will gain its marketing strength from the large corporate client base of TCFC while B & K's expertise in money and capital markets will give it the skill to deal in issue and portfolio management. Beginning with a capital base of Rs. 50 lakh, Finesse also takes over the Delhi-based one-year-old B. K. Financial Services Pvt. Ltd as its subsidiary. Says Madhur Murarka, chief executive of the new company, "Diversification is the word of the past at least for the financial services sector which is looking at consolidating its strengths."

M. N. GOIPORIA

He had a lot to boast about. M. N. Goiporia, the chairman of SBI Capital Markets Limited,



exuberantly announced his company's latest results last fortnight. SBI Caps ended the year by being the lead manager in 128 out of 264 issues and mobilised 77 per cent of the total amount raised through the capital markets. The balance sheet is glowing with a 72 per cent rise in the gross income and a 39 per cent rise in net profit. All of which allowed the company to declare a 20 per cent dividend on an enhanced equity of Rs.50 crore. The fact that SBI Caps had the largest number of complaints against it did not bother Goiporia. Said he, "Having managed the largest number of issues, it is natural that SBI Caps also has the largest number of complaints. Only the person who works comes in for criticism."

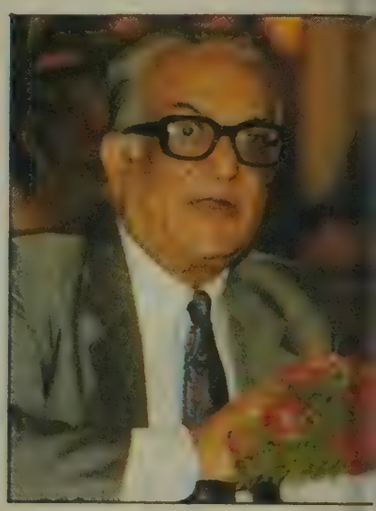
R.J. RATHI



Pune-based Sudarshan Chemicals Ltd is diversifying into environmental engineering and pollution control, tying up with Radian Corporation, Texas, US, a world leader in environmental technology. Sudarshan will provide the technical knowhow to Indian companies, while the execution of the projects will be sub-contracted. "This is the fastest growing industry in the US," says R.J. Rathi, chairman of Sudarshan Chemicals. "And in India, large companies have become very pollution-conscious after the Bhopal disaster." If all goes well, in three years' time the new line of business should add Rs. 50 crore to the turnover of the Indian company.

M.B. AJWANI

Public sector giant Bharat Earth Movers Ltd (BEML) is going in for new products: walking draglines (mining equipment for cutting across wa



faces), fire tenders, and a support vehicle for the 'Trishul' missile. "We have also completed all the necessary paperwork for manufacturing the Bofors gun at our Mysore works," says chairman and managing director M.B. Ajwani. BEML has received order for a walking dragline from the Singareni Collieries. And the fire tenders are meant for the Indian Air Force.

During 1990-91, BEML recorded a turnover of Rs.750 crore, an increase of Rs.45 crore over the previous year. Pre-tax profit and net profit stood at Rs.67 crore and Rs.44 crore, respectively.

DWARKESH SHAH

"Non-resident Indians have invested more than Rs. 15,000 crore in India and have helped reduce the country's debt by 25 per cent. But the Indian government does not think this is substantial. NRIs' service to India is not taken into consideration."



fumed Dwarkesh Shah, sec-
tary general of the Union of
ople of Indian Origin in Ger-
any, an offshoot of the Global
rganisation of People of
dian Origin (GOPIO). To
ghlight this and other prob-
ms, the GOPIO is organising a
ıropean Regional Convention
RC) in Stuttgart this month.
NRI businessman with con-
olling interests in three com-
panies in India and three in Germany, Shah identifies himself with the problems faced by fellow NRIs but is not one-sided in his views. "The development of the country is equally important," says Shah who is also a member of the NRI Consultative Committee, attached to the ministry of finance, New Delhi.

H. STUART JOHNSON

Incorporated Engineering Ltd (IEL), an associate company of KTG (India), has been executing turnkey projects for setting up glass plants in India. H. Stuart Johnson, overseas group chairman of KTG, UK, who was recently in India, said, "In all our projects, there has been energy conservation ranging from 30 to 80 per cent, considerable advancement in glass quality, pollution control and production processes." According to the chairman, several Indian plant owners are in contact with



KTG while charting out their future plans. KTG has now ventured into other areas like cement and steel reheating furnaces.

CHRISTOPHER SINCLAIR & RAMESH VANGAL

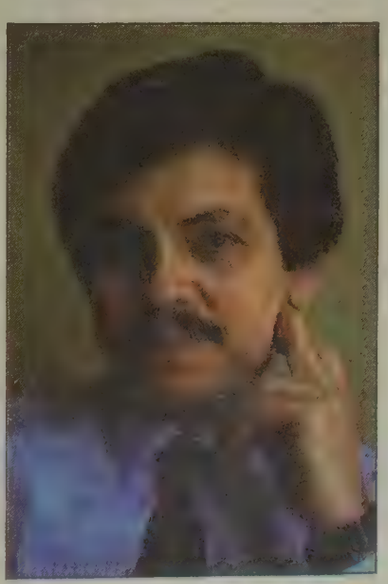


or Christopher Sin-
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leased at the way
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ared, "We are committed to
ndia."

Ramesh Vangal, managing
irector of Pepsi Foods Pvt Ltd,
e Indian subsidiary, revealed
at the company had reached
turnover of Rs. 14.08 crore
is year. Exports seems to be
e catchword at the Punjab-based company — 64 per cent of the turnover came from this area. But what about the future, especialy in view of Coca Cola's proposed entry into the country? Sinclair had the last quote: "We don't like to compete with Coke anywhere but competition is good for the consumers."

VALERIY PYATOV

Soviet plasma physicist-turned trader Valeriy Pyatov, heads the association of Soviet "department stores" which are the primary outlets for consumer goods. He was in Calcutta last fortnight looking for exporters



to do business with. State factories in the USSR now despatch goods to the highest bidder. Pyatov's association, along with others, has begun to band together to form cartels to take care of all their purchases. "The Soviet commercial world is for the first time coming to grips with things like depreciation, factoring, bills discounting and a host of other accounting concepts which oil the wheels of a profit-oriented market economy," said Pyatov.

DAVE SANBORN

The US-based Sea-Land Service Inc is beginning container operations from Paradip port in Orissa. The company will initially run a monthly feeder service between Paradip and Colombo. Says Dave Sanborn, general manager, Middle East/ Subcontinent, "We aim to be number one in containerised shipping soon and will expand both



in terms of markets and ports." Based in Dubai, Sanborn has been with Sea-Land for 18 years. A division of CXS Corporation, US, Sea-Land is already operating from six Indian ports. Paradip has been chosen for its potential for growth as it has a healthy cargo traffic but no container service so far.

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OOM EXPORTS

dernisation project on

xports of handlooms continue to r an impressive growth. The value ndloom goods exported during 91 amounted to Rs. 841.15 crore t Rs.807.66 crore in 1989-90, the handloom exports (Rs.407.29 doing particularly well. According vindan Nair, secretary, Handloom t Promotion Council (HEPC), silk oom exports have been disappoint- erhaps due to the Gulf war.

as imposed. Among cotton hand- products, made-up items (floor cov- s, bed linen, etc) accounted for 4.63 crore, an increase of 24 per cent the previous year. There were en- ging signals from cotton handloom s too — a 10 per cent increase in rts over the previous year. After years, the declining trend seems to been halted. The demand for the tra- nal fabrics like lungies and hand- iefs seems to be reviving.

other heartening sign is that the ex- to Western Europe has increased by r cent. But exports to the US, the st market, was not as impressive. n January last year, the US imposed as for handloom made-ups except ries," explains Nair.

e council has taken positive steps to ove and increase the exports of cot- oods further. Its action plan for the period 1991-95 is ready. The government has taken the HEPC recommendations seriously and has decided to implement a scheme to upgrade handloom quality and also develop new products and designs, for export. The modernisation project is to be executed through the combined efforts of weavers' service centres, Institute of Handloom Technology, and state directorates of handloom. HEPC will coordinate.

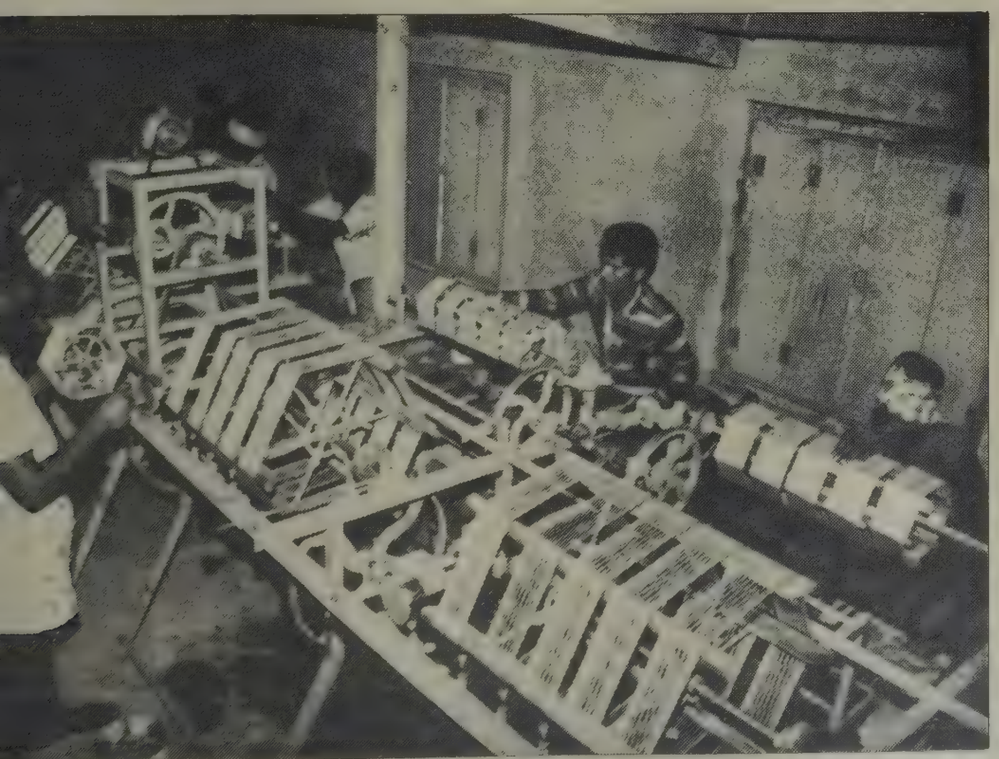
The project involves a detailed study of the equipment, techniques and processes employed in major handloom production centres. Product-wise studies are also to be conducted to select suitable measures to improve the quality and marketability of these products. The council proposes to help develop certain powerloom items as high value goods by highlighting their individuality and uniqueness.

With cotton handloom exporters dealing in the same things for the past 20 years, weavers had no motivation to try anything new. Now, under HEPC's new scheme, they stand to make extra earnings.

Technical study. The modernisation project has begun with a technical study of the handloom industry of Karur and Madurai in Tamil Nadu. In the initial phase, furnishing material from Karur and turkish towels from Madurai have been taken for upgradation. "It is possible to make some modifications in the looms to ensure productivity and quality improvements. The weaver also will be able to earn 50 per cent more," says Nair.

Training sessions and workshops, conducted in Karur and Madurai, have received encouraging responses from weavers and exporters. "We propose to initially select 100 looms for modernisation and upgradation in these centres," says Nair. Hopefully, the demonstration effect of these improved looms will encourage other weavers in these centres to go in for similar improvements.

■ SUSHILA RAVINDRANATH



looms: a serious effort

TOILET SOAPS

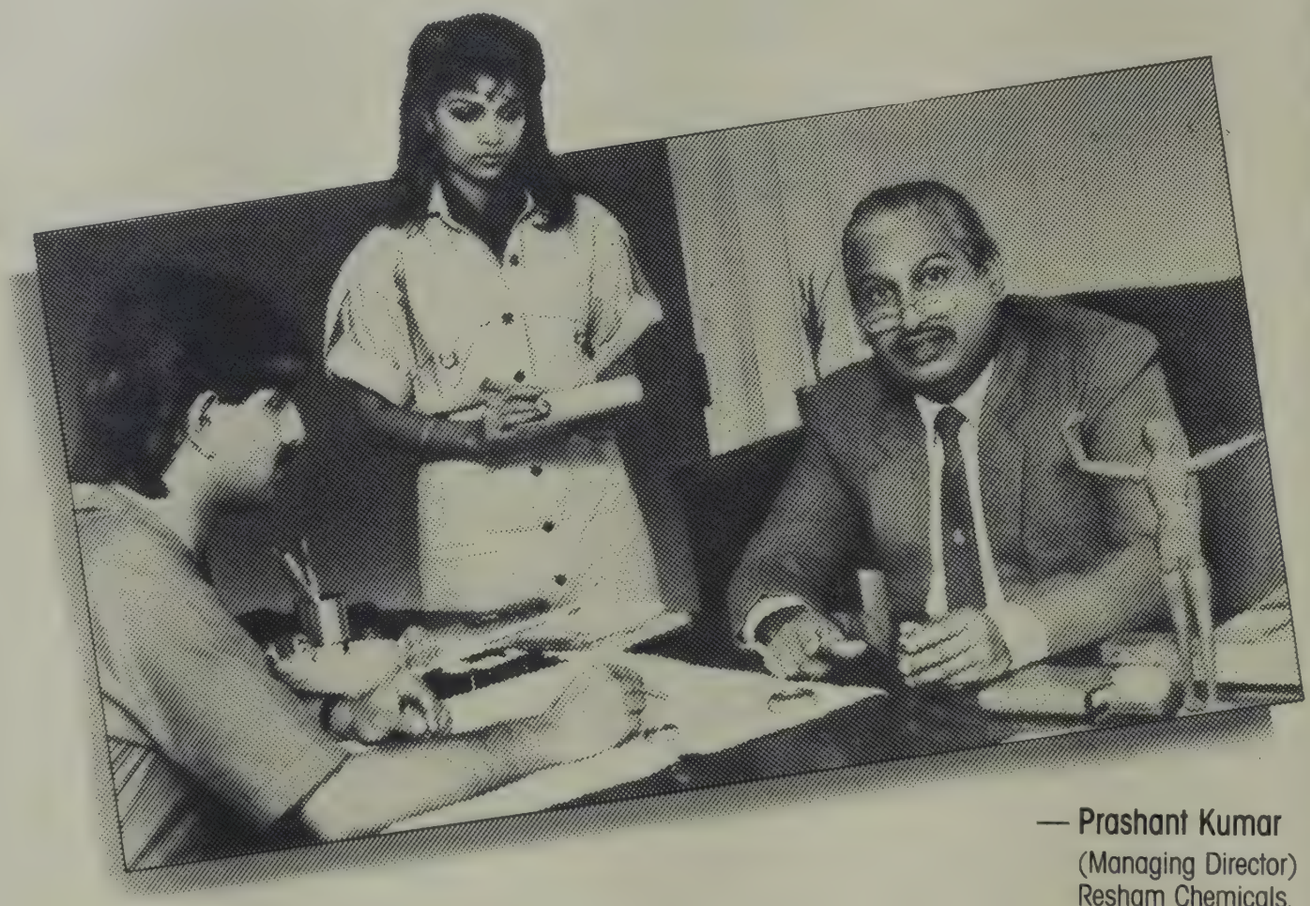
Always room for more

New toilet soaps are being launched each year. And existing capacities are stepped up. A recent study conducted by the Operation Research Group (ORG) shows that brand population in this industry has gone up significantly between 1985 to 1990. While in the premium soaps segment it went up from 57 to 80, in the popular soaps segment it increased from 33 to 51.

Consider the last few months. New brands of soaps launched were innumerable — Nirma Bath, Grace, Limelight, Shield, Baby Soft, Wipro Shikakai, Ralak, Javan and many more. There were also a series of relaunches — Lux, Cinthol, Lyril, Palmolive and Moti.

Successful brands. "Spin-offs usually work better in the premium soaps market," says Nadir Godrej, managing director, Godrej Soaps. After being relaunched in two new categories, Cinthol's share which had dropped in 1988-89 rose by 17 per cent in 1990. Similarly Lux International and Palmolive's share went up after a relaunch. "The most successful brand in recent times is Palmolive — a perfect case of an old brand new brand situation," says Godrej.

On the other hand, many of the new launches have not done that well. Brands like Grace, Ralak and Javan have failed to entice buyers in spite of being heavily promoted. "But market shares are usually low during the launch period," says Ravi Menon, general manager (marketing), Wipro. "The launch period could take anything from one to one-and-a-half



— Prashant Kumar
(Managing Director)
Resham Chemicals.

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Mr. Kumar often observed that Resham's maintenance personnel spent considerable time greasing or oiling bearings in the machines, to maintain proper lubrication levels. Despite this vigil, often, bearings ran dry, machines stopped and production was affected.

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* Manufactured by M/s Shilchar Electronics Pvt. Ltd., Baroda, under the brandname 'LUBESITE'

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1. Under/Over lubrication ☐
2. Damage of shaft while dismounting bearings ☐
3. Uneven heating of bearings ☐
4. Mounting/Dismounting of large bearings ☐
5. Others (specify if possible) ☐

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years." What then, attracts new comers to this field where mortality rate is high and gestation period long? The lure of a large market (350,000 tpa strong), growing at rate of 12.2 per cent every year in the rural areas and of 1.6 per cent in the urban markets.

Rarely are products withdrawn completely from the market. And when they are, it is only temporarily — to be restructured, rechristened and relaunched in another market at another time. At Tata Oil Mills Company (Tomco), soaps that do not go down too well with consumers are revamped to suit consumer preferences and relaunched. Market research plays a vital role here. In the case of OK, Tomco discovered that red was the colour most suitable to the popular soaps segment as people were already familiar with Lifebuoy's red colour. "We decided to move from the familiar to the new. The red coloured OK gave way to the pink as people started identifying pink with an improvement in status," says P.B. Bharda, vice-president (marketing), Tomco.

Heavy advertising expenditure is also involved in launching a new soap — another area where large companies score. A company like Hindustan Lever (HLL), for instance, spends between Rs.12 to Rs.14 crore in advertising, a figure that fazes new companies. "If this is the kind of advertising expenditure that one has to incur, it is doubtful if we will ever be able to compete," bemoans N. Krishnan, marketing manager of Wallace Pharmaceuticals which is contemplating launching Fa soap in the Indian market. The cost of a launch is also no laughing matter. Says Ernest Fernandes, general manager (marketing), Tomco, "A national launch can cost up to Rs.1.5 crore. And even after the launch period it costs about Rs.1.2 crore to sustain sales."

Higher expenditure. Marketing also involves mega bucks especially in the rural areas. This is because population density in rural areas is less than that in urban areas, "You have to cover a larger area to reach a substantial number of people and therefore rural marketing involves a higher expenditure," explains Wipro's Menon. Yet the rural market cannot be ignored. For, about 14 per cent of the total soap production is snapped up in the rural areas. And this figure is increasing every year. Also, contrary to popular belief, the rural market is no longer the cheaper segment. Consumer spending in rural areas is almost on a par with that in urban areas and the gap is narrowing.

"Most of the people living in rural areas have non-taxable income. Naturally, their disposable income is also higher. With advertising and media coverage their aspirations have increased and they want better quality products. Premium soaps is no longer only an urban product. There's an equal demand for it in the rural markets," says Alan Rego, senior communications manager, HLL.

With demand increasing in both rural and urban areas, companies are stepping up capacities to either increase their volumes within existing brands or are launching new soaps. Godrej and Tomco are planning new launches in the next couple of months while Lever is stepping up production of existing brands. Lever has taken over manufacturing units on lease to augment its own production facilities. For instance, after Piyu launched by the Rajkot-based Sunrise Soaps and Chemicals' failed and the unit shut down, Lever took it over and put it back into operation. Others are also leasing out idle capacities to other brand owners.

Simultaneously, in order to meet raw material shortages, companies are integrating backwards. Godrej has set up an alpha olefin sulphonate (AOS) manufacturing unit while Nirma has just received government sanction for the same. Meanwhile, Tomco has tied up with SICOM to manufacture fatty acids, soaps and a whole range of toiletries at Tata Vashisti Detergents Ltd in Chiplun, Maharashtra.

The trend shows no sign of abating. Popular or premium, brands of toilet soaps appear in the market at regular intervals. Some linger on the scene, while others sink without a trace.

■ SHANKARI CHAKRAVARTY

DENIM FABRICS

Boom in the offing

Here's some good news for yuppies: they will get to wear more jeans, now that the financial institutions (FIs) has decided to finance more projects to manufacture denim fabrics. This follows a recent market study done by the FIs, which shows that the demand for denim fabric in the domestic market is increasing by 15 to 20 per cent per annum (pa). According to the study, there is scope for setting up additional capacities totalling 40 million metres pa (this includes capacity for exports).

At present, the market for denim in India is 18 million metres which is e pected to go up to 36 million metres 1995. But with the existing capacity t supply will be only 19 million metres leaving an uncovered gap of 17 milli metres pa. It is to meet this gap that t FIs are considering supporting projec with fresh capacities.

The present domestic demand of million metres is met by Arvind Mills (million metres), Soma Textiles (5 milli metres) and Amtex (1 million metres However, a part of the production is bei exported and the shortfall of 5 milli metres is met by imports.

Even as the FIs are deciding to finan more denim plants, existing manufa turers are also gearing up to enhan their capacities. Arvind Mills acquire Nagri Mills some time back and now i total capacity has increased to 20 milli metres pa. Soma and Amtex are also ra sing their capacities to 7 and 2.5 milli metres pa, respectively.

New projects. Some new projects ar also coming up. Modern Suitings Lt (MSL) has just set up a 100 per cent EO with a capacity of 7.2 million metres p Another unit, with a capacity of 8.8 mi lion metres pa, is being proposed b Ganesh Synthetics Ltd (GSL).

According to the study, there is scop



Mills are increasing capacities

nother 26 million metres capacity to
t up. Perhaps a few more who are in
ne will be lucky to get licences.
anwhile, the institutions have de-
l to follow certain specific criteria
financing the new denim projects.
of the main conditions is that each
unit should be integrated, ie, it
ld comprise spinning, weaving and
essing facilities. Its minimum eco-
ic capacity should also be around 8
on metres pa.
s will also insist that the new
hines to be installed should be capa-
f producing high quality denim. Mar-
g tie-up arrangements up to 50 per
of the annual production would also
sisted upon.
ith a worldwide shortage in denim,
h is not only widely used for jeans but
for school bags and memo pads, the
are thinking in terms of Indian manu-
urers capturing part of the interna-
al market. Worldwide demand for
m grew from 1,900 million metres pa
988 to 2,100 million metres in 1990.
is expected to rise to 2,700 million
res by 1995.
hanks to cheap labour in Asian coun-
s, the industry is gradually getting re-
ted in such areas. The FIs obviously
that India can take advantage of this
nomenon and expect Indian manu-
urers to grab at least 2 per cent of the
ld market (50 million metres).
o, more competition is in the offing for
anglers, Flying Machine, FUs and other
ular brands. And more smiles from
yuppies.

REENA PATNAIK RAO

ASPATI

asy pickings

aspati manufacturers in Mahara-
ra, faced with a growing threat from
nufacturers in Gujarat — who are al-
dly evading sales tax duties — have
ched a situation of near despair. Com-
ies like Wipro, Maharashtra Vegeta-
s, Ahmed Oil Mills and IVP have
erienced a 30 to 35 per cent drop in
duction levels and a 50 per cent drop
ales in the past two years. Low pricing
Gujarat manufacturers, resulting from
r savings in sales tax, has been their
e.
ccording to figures available with the
aspati Manufacturers' Association of
ia, over the past four years, even as the total consumption of vanaspati in Maharashtra has remained steady at a little over 1 lakh tonnes per annum (tpa), the market share of the 11 factories based in Maharashtra has been halved. In 1987, the manufacturers from within the state sold 87,000 tonnes, in 1988 and 1989 around 70,000 tonnes and in 1990, the figure dropped to 68,000 tonnes. The ten manufacturers in Gujarat, on the other hand, who had a turnover of only 12,000 tonnes in 1987, sold 20,000 tonnes in 1990.

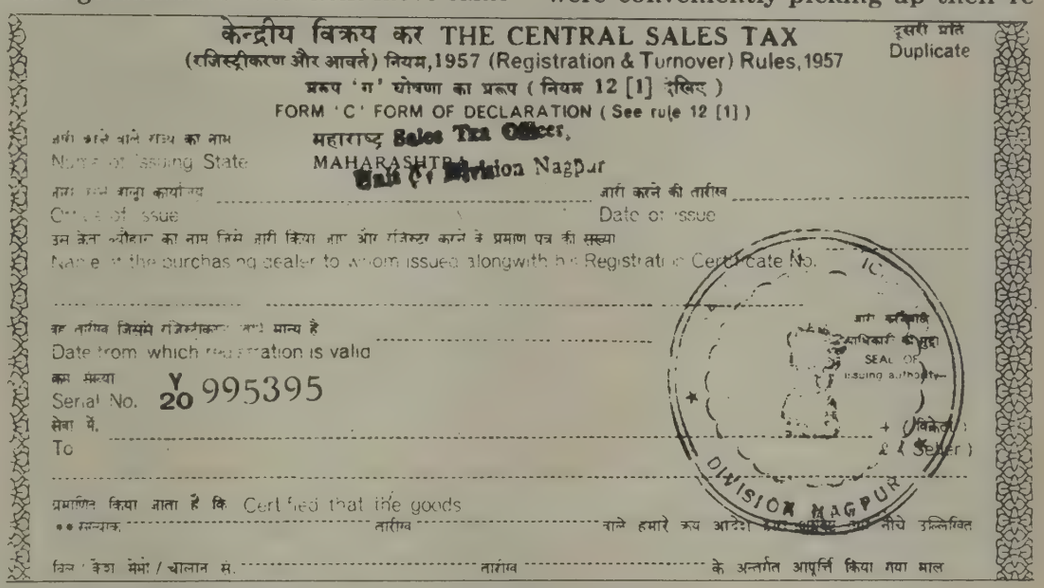
Sales tax reduced. The market situation turned in favour of the Gujarat manufacturers in 1988, when the sales tax in Gujarat was reduced from 4 per cent to 1.5 per cent at the behest of the Gujarat vanaspati manufacturers. This gave them a clear tax advantage compared to the manufacturers in Maharashtra who had to continue paying 8 per cent to their state government. Their next move came when they realised that the mode of despatching goods on a consignment basis to consignment agents in Maharashtra would serve them better if it were changed as, under law, the consignment agent is deemed to be the company. Under this system goods were despatched on credit, with no money coming to the manufacturers till the agent actually sold the goods. This meant that even if the consignment agent evaded the Maharashtra sales tax, the government would hold the company in Gujarat responsible if it detected the tax evasion.

The Gujarat manufacturers, therefore, decided to make outright sales to wholesale agents in Maharashtra. This ensures that after paying a nominal Central sales tax and making an outright sale, the liability for payment of local sales tax in Maharashtra rests solely with the agent. The new arrangement was perfect.

The current selling price of vanaspati is Rs.535 per tin (15 kg) plus taxes. With the consumption in Maharashtra now standing at 120,000 tonnes, and with the 8 per cent sales tax and the turnover tax, the total tax collection in the state from vanaspati sales should amount to Rs.37.8 crore. The actual collection, however, have been only Rs.20 crore. Unaccounted vanaspati from Gujarat is quite clearly responsible for the shortfall. In fact, the sales tax evasion gives the Gujarat manufacturers an unfair price advantage of Rs.40 on every tin.

In April the sales tax authorities in Maharashtra raided dealers in Nasik, where out of the 20,000 tins consumed, 17,000 allegedly come from Gujarat. But the raids proved to be futile since dealers were conveniently picking up their requirements from other locations. The other areas considered to be the favourites of the Gujarat manufacturers include Pune, Akola, Amravati, Malegaon, Sangli, Thane, Ulhasnagar and Kalyan. In Gujarat the annual consumption is only 40,000 tonnes whereas the production is 120,000 tonnes.

It is convenient for the Gujarat manufacturers to tap the Maharashtra market for a number of reasons. Maharashtra does not have a single sales tax check post. Blank C forms (used for Central sales tax declarations) to facilitate transactions are illegally available at Rs.500 each, and setting up bogus agencies, which can be disbanded every few months, is easy. In the possession of this correspondent is a xerox copy of a blank


केन्द्रीय बिक्रय कर THE CENTRAL SALES TAX
दूसरी प्रति Duplicate
(रजिस्ट्रीकरण और आवर्त) नियम,1957 (Registration & Turnover) Rules,1957
प्ररूप 'ग' घोषणा का प्ररूप (नियम 12 [1] देखिए)
FORM 'C' FORM OF DECLARATION (See rule 12 [1])
जारी करने वाले राज्य का नाम महाराष्ट्र Sales Tax Officer,
Name of issuing State MAHARASHTRA Division Nagpur
जारी करने की तारीख
Date of issue
उस क्रेता व्यौहार का नाम जिसे जारी किया गया और रजिस्ट्रेशन करने के प्रमाण पत्र की संख्या
Name of the purchasing dealer to whom issued alongwith his Registration Certificate No.
वह तारीख जिससे रजिस्ट्रीकरण मान्य है
Date from which registration is valid
क्रम संख्या Serial No. Y 20 995395
सेवा में,
To
(विक्रेता / Seller)
प्रमाणित किया जाता है कि Certified that the goods
•• संख्यांक तारीख वाले हमारे क्रय आदेश
तारीख के अन्तर्गत आपूर्ति किया गया माल
DIVISION NAGPUR

Xerox of a blank C form issued to a furniture maker

C form which bears the stamp of the sales tax officer, unit C division, Nagpur. Investigations showed that the C form (bearing the serial number Y 20 995395) was issued to a furniture manufacturer by the Sales Tax Office in Bandra, Bombay.

Meanwhile, the Maharashtra manufacturers who have an annual production capacity of 276,000 tpa continue to be beleagured by the Gujarat manufacturers. If the situation persists, they may be compelled to seek markets in other states.

DEVENDRA TAK

MTNL DUCTING

Doing away with inconvenience

Bombayites, long used to dug-up roads and pavements, will now have one governmental agency less to blame: the Mahanagar Telephone Nigam Ltd (MTNL). An ambitious Rs.300-crore programme undertaken by the department promises to do away with the much-hated trenches which telephone crews gift to the city year after year. Now, instead of laying telephone cables under the ground and then digging up whenever there is a fault, MTNL has adopted the "ducting" route popular in all advanced countries.

Directly buried cables are vulnerable to damage caused by digging operations of the water, sewage and electricity departments as well as by MTNL itself. The sheaths covering the cables are often punctured as a result of the digging. Under the ducting programme, telephone lines are packed into 10 cm wide PVC or HDPE pipes. These "ducts" are then encased into concrete banks.

Once the lines have been laid in this manner, according to MTNL, there will not be any necessity to dig for at least another 30 years. Repairs, if any, can be carried out by pulling out the cable through special junction boxes provided along the duct route at suitable intervals. The ducts and their concrete covering will protect the cables from water seepage and the strike of a pickaxe. There are other advantages as well. Says Vinod Kumar, deputy general manager, MTNL: "Digging every now and then was not only inconvenient for the citizens, digging costs which were increasing every year were also turning out to be a big financial burden for us."

Manifold benefits. There are several other advantages of the ducting system. Some of them are:

- The life of the cable is increased as a result of reduced handling and better protection.
- Since this system eliminates unnecessary digging of roads, there is saving in material and manpower.
- Since the cables in the ducts do not have to be provided with sheaths, there is an immediate saving of 25 to 30 per cent in their cost.
- The cables can be laid at short notice.
- Expansion programmes can be carried



New ducts: no more digging

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more economically.
he ducting programme was launched
986 immediately after the then Bom-
Telephones was converted into a cor-
ation and became MTNL, Bombay. But
gs started humming only in 1988. In
9-90, a total of 150 km of cables were
neshed in ducts, and 116 km in
0-91. Of the 100 km planned for
1-92, 11.08 km have been executed so
In all, the ducting programme has
ered 340 km. The final target: 1000
s. The deadline: 1995.
While mostly it is new lines that have
n taken up under this programme, in a
cases, existing lines have been trans-
red into the new ducts.

The telephone department, which has
en come under attack from the citize-
for a wide variety of reasons, will for
ce be showered with bouquets once the
cting programme is completed. Vinod
mar sums it up best when he says,
hile we cover up our trenches, we will
opening up an era of improved services
all concerned."

RAJU BIST

GB CIVIC WORKS

rivate sector nvolved

he Municipal Corporation of Greater
ombay's (MCGB) plans to privatise
me of the civic works are finally moving,
ough at a snail's pace. The Bombay-
ased Mittal Builders and ITC Ltd are
mong those who have responded fa-
urably to the corporation's proposal to
t private parties build flyovers at the
ty's main intersections. "This is part of
overall state government plan to in-
lve the private sector in infrastruc-
ral development in the state," says
Padmanabhaiah, the municipal
mmissioner.

In 1984, a high level committee was ap-
inted to look into ways through which
e ever-increasing traffic flow on Bom-
y roads could be regulated and smooth-
ed. And the committee had identified
3 areas where foot-overbridges could be
uilt for pedestrians and seven sites for
yovers. The Bombay urban transport
roject, prepared by the MCGB, submit-
d a report to the World Bank, asking for
loan of Rs.1,296.41 crore. Recently the
orld Bank responded favourably to the
ppeal. But the cash-strapped MCGB feels that if sponsors come forward to construct these projects, it would save the corporation from paying high interest rates. But MCGB was short of funds. And so the city-based Western India Automobile Association (WIAA) came up with a proposal to rope in private companies to construct these flyovers. Says Ram Gandhi, chief of the traffic committee of WIAA, "The industrial houses are ready, provided they receive full co-operation from the MCGB."

Depends on benefits. WIAA sent out feelers and ITC and Mittals were among the first to respond. Says Arun Mubayi, district manager, ITC, "The proposal is under consideration. As soon as it is approved, we will submit tenders." Mittal Builders is also interested in the project, but according to Badal Mittal, "It all depends on what benefits we receive." Similarly, M. Pherwani, chairman, Infrastructure Leasing and Financial Services Ltd (ILFS), points out that his company will be interested, provided it receives some sort of compensation.

There had been such proposals — to involve the private sector in the city's construction activities — in the past too. But no concrete plans were drawn up as to what benefits the companies would receive. How will they be allowed to collect revenue? In the form of toll, advertisement rights or users' charges? But MCGB regulations prohibit the collection of toll within city limits, and advertisement rights alone would not fetch adequate returns. "The advertisement revenue will be negligible compared to the construction cost," says Rajendra Jain, managing director, Aaren Advertising, a big name in outdoor hoarding business.

The corporation is aware of these shortcomings, says Padmanabhaiah. That's why the MCGB has decided that along with advertisement rights, these companies will be either given a suitable land in the vicinity of the project or allowed to develop a market or a bus station and sell them on a commercial basis.

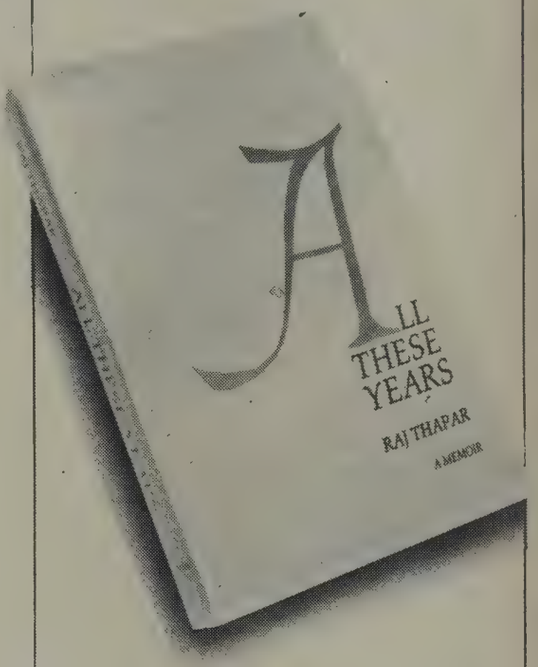
Companies which take up the project will be required to complete them within a specified time frame. Important issues like how to raise finances, whether the benefits laid down by the corporation are feasible, etc are still to be worked out. Nevertheless, Padmanabhaiah is confident that the tenders will be in by October this year. On the speedy implementation of the projects will rest the chances of decongesting the Bombay thoroughfares. ■

MAHIRA SHEIKH

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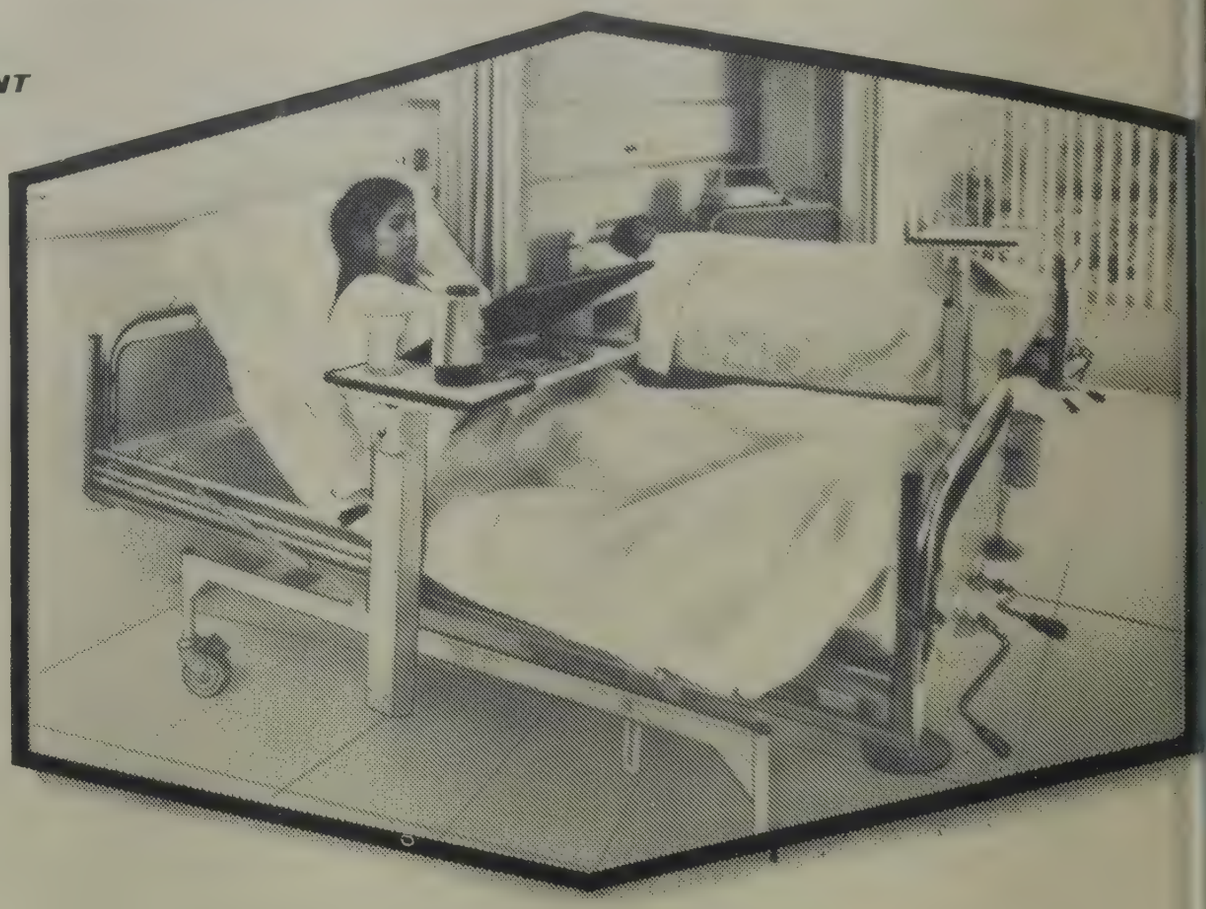
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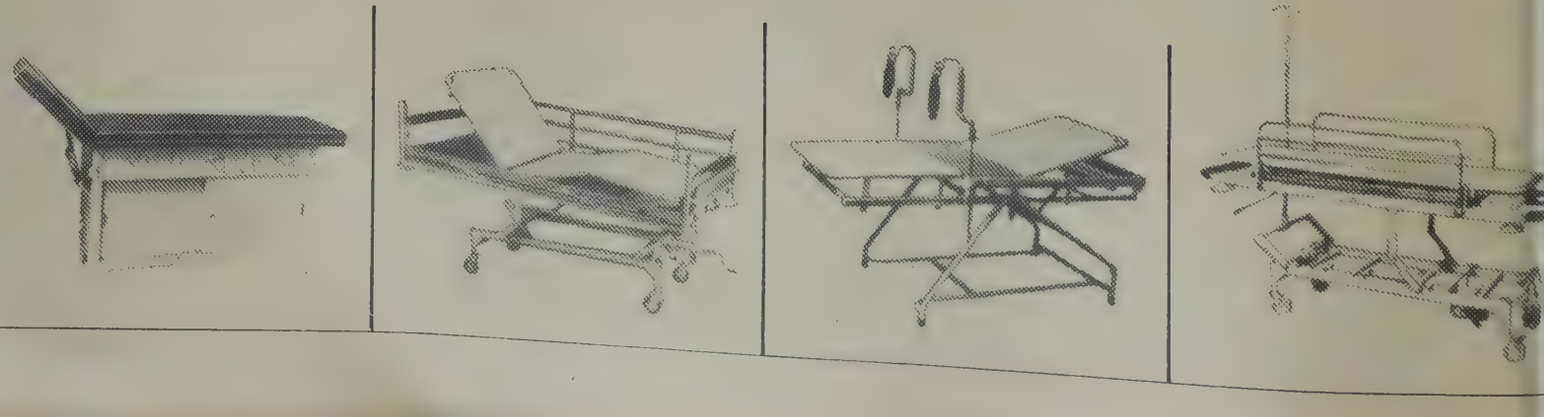
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World trade and India



The trade figures for India for 1990-91 show a deficit of Rs.10,643.53 crore, up 37.7 per cent over the previous year (Rs.7,730.41 crore). This is largely the result of the sharp increase in the prices of crude oil and petroleum products and the general slowdown in exports. Exports were valued at Rs.32,527.28 crore, up from Rs.27,681.47 crore in 1989-90, but far short of the targeted Rs.36,000 crore. In dollar terms, the performance is even more dismal.

It is in this context that the report by the GATT Secretariat on 'International Trade in 1990 and 1991 Prospects' gains significance. The devaluation of the dollar against major European currencies boosted the value of world merchandise trade by 13 per cent in 1990 to a record level of US $3.5 billion. But in volume terms world merchandise trade decelerated from seven per cent in 1989 to an estimated 5 per cent. The growth rate in world output also slowed, from 4 to 3 per cent.

Mixed trend

In exports, the growth in value last year was particularly evident in the developed countries, especially Western Europe, largely prompted by the dollar's devaluation. For developing countries, while growth in exports remained unchanged at 13 per cent, imports accelerated from 11.5 per cent to 15 per cent. Among the developing countries, the OPEC member countries registered sharp increases in export earnings largely because of the hike in oil prices. Export growth was higher than the world average for developing countries in Africa and Asia but below the world average in Latin America, largely because of the contraction in Brazil's exports.

The countries of Central and Eastern Europe, in their effort to restructure their economies towards a market orientation, focused more on trade with convertible currencies rather than with the members of the Council for Mutual Economic Assistance. Therefore, in dollar terms, both imports and exports of these countries fell more in 1990 than in 1989.

The newly industrialised countries of Asia (Hong Kong, Singapore, Thailand and Malaysia) experienced export and import volume growth rates well above the world average. The exceptions were Taiwan and the Republic of Korea, who recorded export volume growth rates below the world average. Both these countries experienced very rapid export growth rates during the early eighties, but imports increased only slowly. Now exports are decelerating, while imports rise significantly (to satisfy consumer demand).

The German unification and the appreciation in value terms of the Deutschemark enabled Germany to elbow out the US as the world's leading merchandise exporter. Among the 25 leading exporters Austria recorded the highest growth rate in 1990 — up 28 per cent over 1989. This was mainly because of exports to Germany.

Given the above trade scenario what should India's response be? India's share in world exports is a dismal 0.5 per cent. The country may be the tenth largest industrial power but India's engineering exports as a percentage of world engineering exports was 0.26 per cent in 1970, which declined to 0.17 per cent in 1980 and is now around 0.07 per cent.

India's exports as a per cent of GDP are currently around seven per cent. This compares poorly with South Korea's 36 per cent, Malaysia's 60 per cent and China's 13 per cent. India could register a trade surplus, even if we set a modest goal of 10 per cent and keep imports pegged at 9 per cent of GDP. But exporting, thanks to the Japanese, has become an art. It begins with a thorough knowledge of customer needs abroad and then producing a product that matches both quality and price expectations.

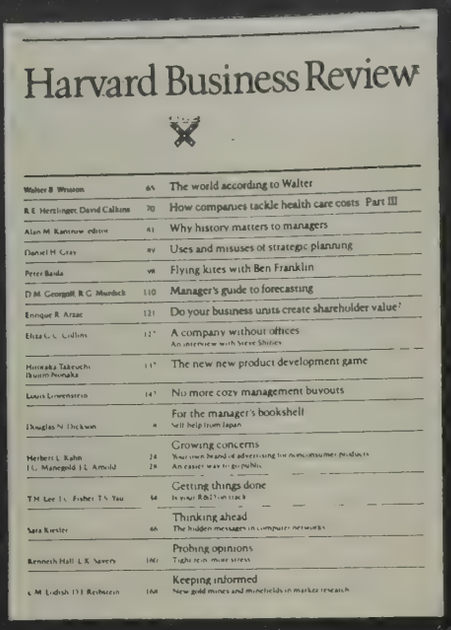
In this connection, many Indian companies are moving towards getting an ISO9000 accreditation. This is good but not enough to make India a world class exporter, because standards can never be static in a dynamic world.

As regards the direction of trade it would be prudent to look east towards the more dynamic ASEAN countries which are, as the Report suggests, becoming large importers. Exporting is a hard and serious business and unless the government and industry together make a concerted effort India could well miss the bus again.

■

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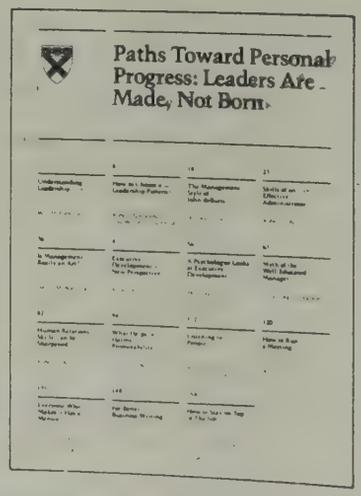
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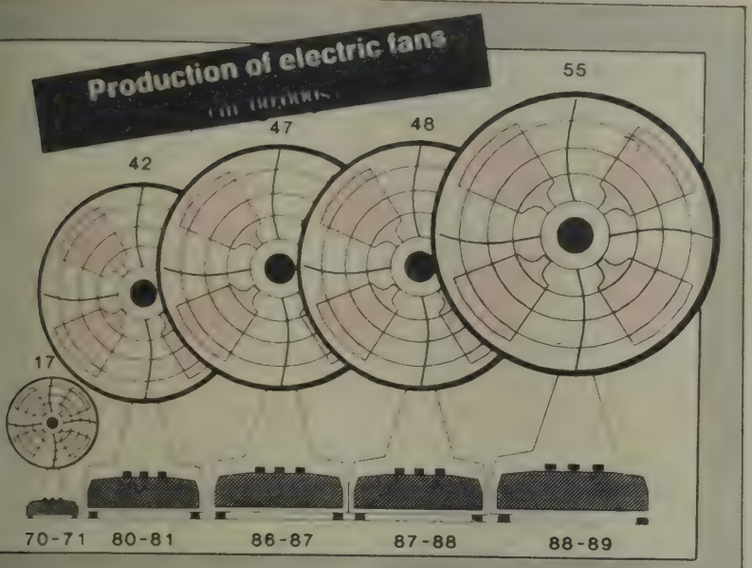
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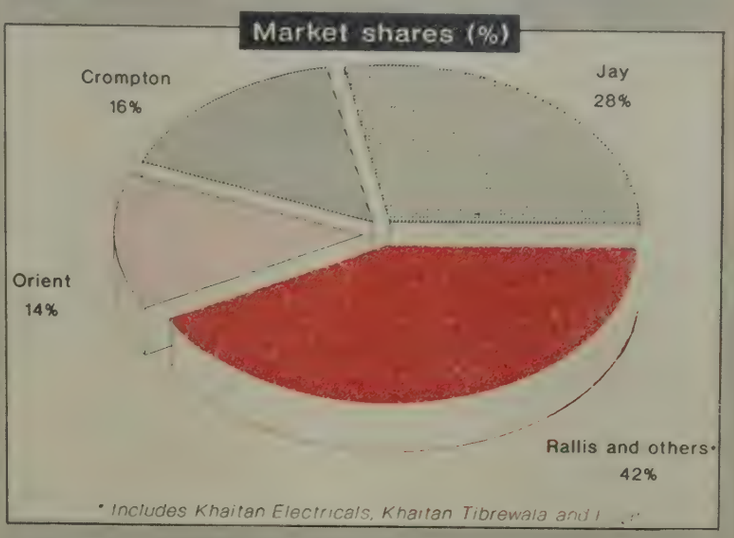
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oduction of electric fans: There are over 300 units in the country manufactur- fans. However, there are 17 large manufacturers in the organised sector. Pro- ction in the organised sector was 5.5 million fans in 1988-89 up 14.6 per cent er the previous year. It is estimated that production in 1989-90 will cross 6 mil- n units.



Market share: The three large manufacturers account for nearly 60 per cent of the total market. Other major manufacturers like Rallis India, Khaitan Electricals, Khaitan Tibrewala and Polar Fans account for 6 to 7 per cent each.

olesale price index: There has been some deceleration in the wth of the wholesale price index — all commodities. Neverthe- inflation as measured by the WPI is still in double figures. In nary articles, the index for fibres was up 14.8 per cent during month under review. In manufactured products the index for ent was up 4 per cent.

(1981-82 = 100)

	20 Apr '91	2 Mar '91	21 Apr '90	% change over month	% change over year
ommodities	192.4	191.0	172.9	0.73	11.27
ary articles	198.3	196.0	169.9	1.17	16.72
ufactured products	189.7	188.6	175.9	0.58	7.84

ney and banking (scheduled commercial banks): There has n a sharp increase in broad money (M3) by 3.2 per cent during month under review. Both aggregate deposits and bank credit up by 2.5 per cent and 1.9 per cent respectively.

(Rs crore)

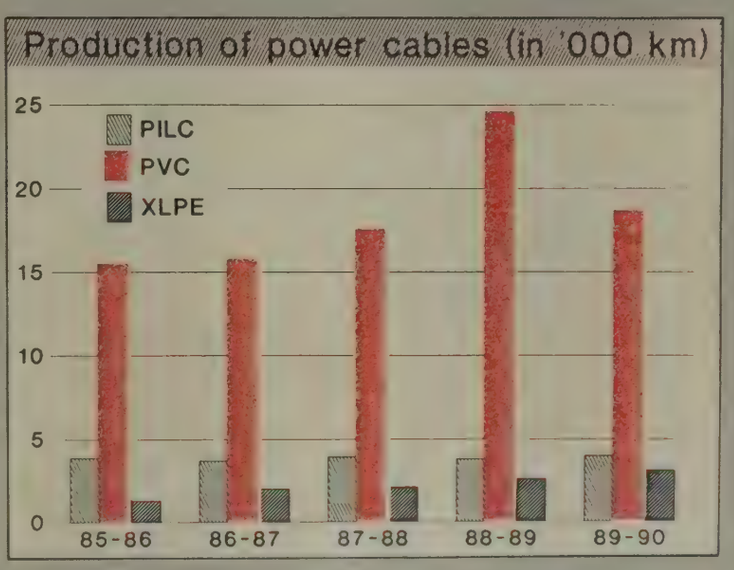
	19 Apr '91	22 Mar '91	20 Apr '90	% change over month	% change over year
d money (M3)	2,72,601	2,63,954	2,37,695	3.2	14.68
egate deposits	1,95,979	1,91,189	1,70,777	2.50	14.75
credit	1,18,395	1,16,184	1,03,942	1.90	13.90
credit	4,391	4,506	4,441	-2.5	-1.12
it/deposit ratio	60.41	60.77			

lion prices and stockmarket index: The price of bullion (both d and silver) has been rising steadily due to increased demand lack of adequate supplies. The BSE index has been relatively dy, at around the 1,250 to 1,300 level, despite the uncertainty at hustings.

	17 May '91	19 Apr '91	20 May '90	% change over month	% change over year
(Bombay)	3,790	3,598	3,465	5.30	9.30
r (Bombay)	6,900	6,683	6,768	3.24	1.95
index	1,297.7	1,283.9	770.4	1.07	68.40
8-79≤100)					

of gold is in rupees per 10 gm and silver in rupees per kg)

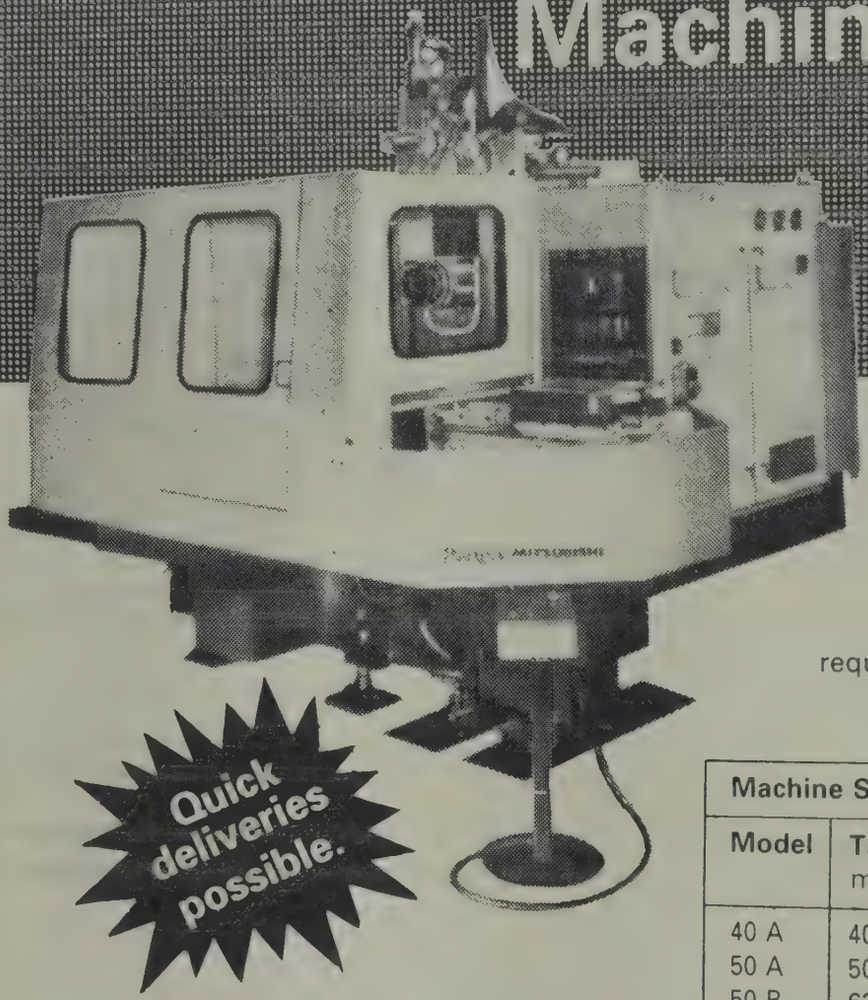
The Indian cable industry is one of the oldest industries in India. At first cables were used for house wiring. But over time this industry has grown and covers winding wires, AAAC/ACSR conductors, power cables and PVC, VIR and other cables and flexibles. However, amongst the different types of cables the greatest demand is for power cables. The volume of business of the order of Rs.2,000 crore per annum.



Production of the different types of cables has been growing steadily but slowly. In the power cables category demand is veering towards PVC and XLPE cables from the traditional PILC and rubber cables. Imports are restricted to only very high voltage cables. In the Power Cable category there are 24 companies having a combined capacity of 70,000 km which is nearly 90 per cent higher than current demand. Hence the urgent need to export. Presently the major export has been of PILC cables to the USSR. The Engineering Export Promotion Council has projected an export of Rs.100 crore for all categories of cables for 1990-91, against Rs.88 crore in the previous year. With the rapid growth in telecommunications and the power sector during the Eighth Plan the future for this industry looks good.

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60 A	630x630	800x800x630	30/40/60	100
60 B	800x800	1000x800x630	30/40/60	100

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Liberalisation and liberalisation



Recently an avid reader of this column congratulated me on having predicted the failure of Perestroika. The felicitations were ill deserved: it required no great insight into the Russian economy to realise that their liberalisation programme was so superficial as to have no chance of success. However, predicting failure of government policies is very much easier than forecasting their success. In the former case you can always rely upon the wooden headedness of governments to make a mess of things. It is, therefore, with some hesitation that I predict the future success of Pakistan's economy after its recent liberalisation. Here at least some caution is justified, because other reports, like that in the *Business and Political Observer* of 20 May, warn that "Economic chaos stares Pak in the face".

Nawaz Sharif understands liberalisation in a way that no politician in India does. At a stroke their government has dismantled exchange control, abolished industrial licensing... released the energy of the people

Now I know less about Pakistan than I do about the USSR; I mainly go by the interview that the prime minister of that country gave to the magazine *India Today*. What emerges out of it is that Nawaz Sharif understands liberalisation in a way that no politician in India does. At a stroke their government has dismantled exchange control, made the Pakistani rupee virtually convertible, abolished industrial licensing, begun the process of denationalising the banks and put up for sale 40 of their public sector units with the intent of selling 115 within the year; they have even opened up infrastructural investments like roads and canals to the private sector. In a single phrase, they have released the energy of the Pakistani people.

The result so far seems to have been successful; their foreign exchange position has improved, the Pakistan rupee has been stable and moved upwards. There has been no flight of capital. On the contrary, money has come into Pakistan and made the Pakistani rupee pretty well convertible. These measures have worked precisely the way a liberalising economist would predict they would, but it is not just the immediate breakthrough that is so impressive. It is the confident and sure touch that the Pakistani prime minister displays which will transform the economy. He does not seem afraid of the consequences of his policy. He freely acknowledges that many of the public sector units are not viable and cannot be sold, but his answer to that is not to make vague promises of improving their performance. On the contrary, he says, "We will be only too happy to scrap them and give away their assets to the private sector." Not even Margaret Thatcher at her boldest had quite that courage and determination to take that type of political risk.

Deeply frustrated

Nawaz Sharif's resolution seems to come from the fact that as a successful businessman he was deeply frustrated by the licence permit raj that had prevailed in the past; yet, there must be something more to it than that. Businessmen normally prosper out of shortages and are only too happy to perpetuate a system that allows them to profit from it. Though Nawaz Sharif speaks the language of Adam Smith, his vision of Pakistan does not seem to be rooted in the economics of competition, but in the world of realpolitik. He recognises that the role of a mendicant supplicant is not one that can command any respect in the world. While India goes cap in hand to the IMF, Sharif prefers to rely upon turning black money, even drug money, to strengthen his industrial base. He recognises the value of independence.

Contrast this with our behaviour for we have only ourselves to blame for our current difficulties. We have been grossly misled by all those self-deluding people who claimed that we would have managed if there had not been a Gulf War; indeed, even in their own eyes they must now look pretty silly as the price of oil is collapsing and our economic crisis continuing. The truth, of course, is quite different, for as the governor of the Reserve Bank has said, the present crisis is the consequence of a failure of economic policy over the last ten or twelve years.

Getting over the hump

Venkitaramanan is hopeful that once we make the structural adjustments we will get over the hump. I do not share his optimism, for the longer the mess persists, the greater the need for massive adjustments. And I do not see these emerging nearly rapdily enough. Am I being unduly pessimistic? After all, every political party is now promising liberalisation. So surely we can achieve as much as Pakistan. Unfortunately there is a difference. Whatever our politicians may say, they really have no notion of how the process of freeing the economy works. At the first hint of a problem, they will run back to interventionism.

There seems to have been almost a conspiracy in the choice of our financial administrators. They are chosen either for their fiscal rectitude — like Morarji Desai — or for their socialist adventurism but never for their skills in liberating the economy

For years now, the most powerful man in this country has been not the prime minister but the finance minister; it is the finance ministry that is at the centre of our web of controls and no one there is a liberaliser. There seems to have been almost a conspiracy in the choice of our financial administrators. They are chosen either for their fiscal rectitude — like Morarji Desai — or for their socialist adventurism but never for their skills in liberating the economy. I therefore predict that nothing will really change. Perhaps to satisfy their class from the IMF and the World Bank we will have one more financially 'responsible' man who will increase taxes; the demand for liberalisation will be satisfied by broad-banding the import of ball-bearings. We will then get our IMF loan and continue to proceed steadily downhill all the way.

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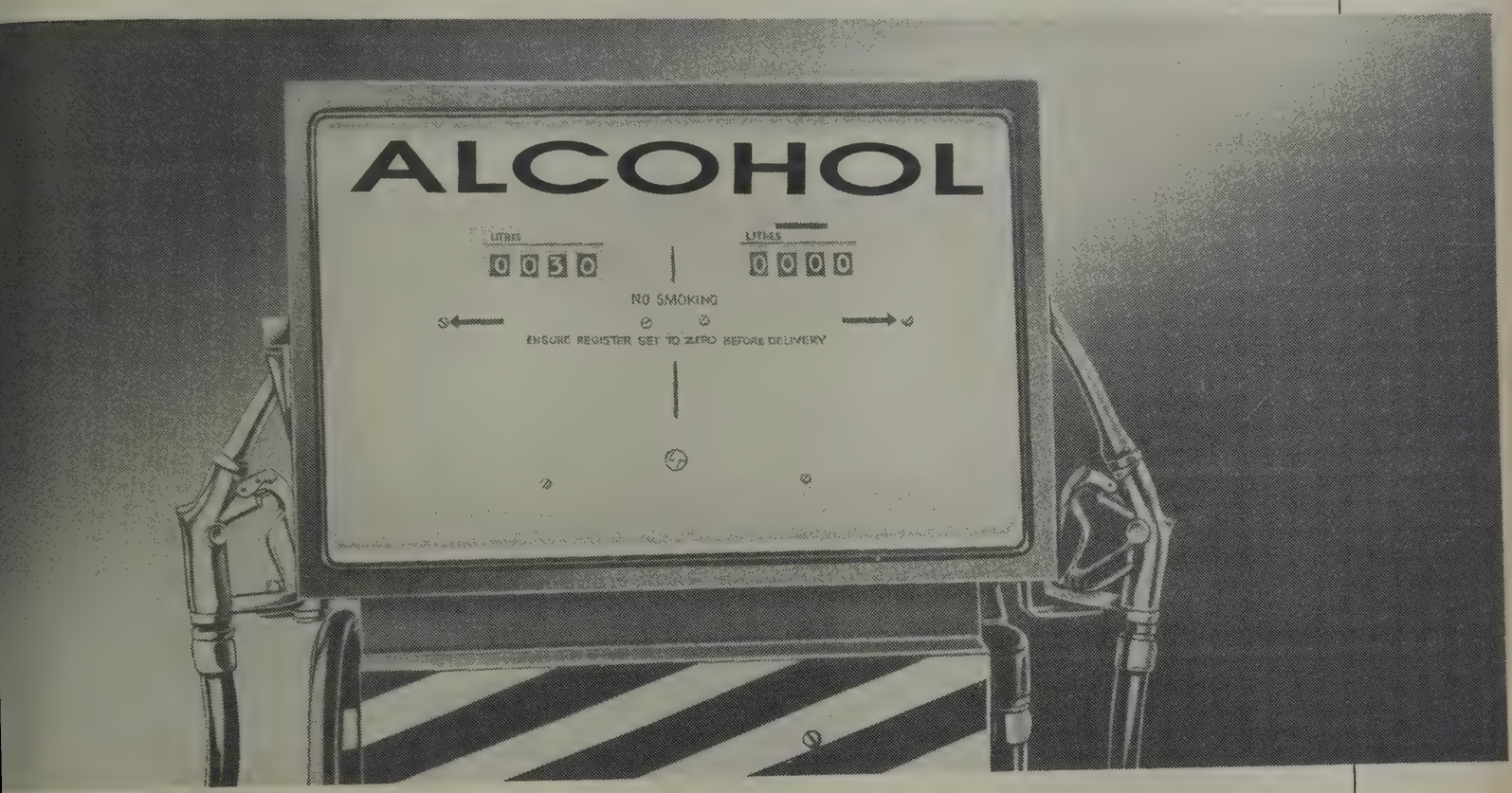
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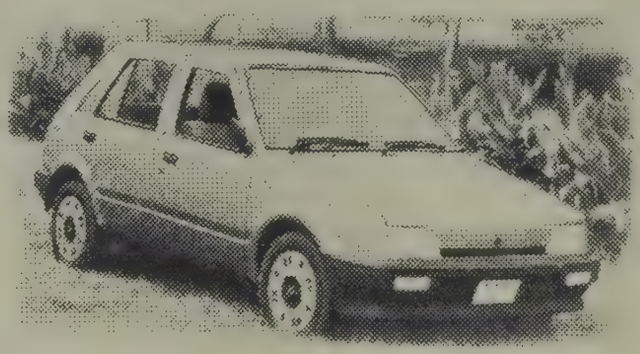
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RPG ENTERPRISES

BI's RESTRICTIVE MEASURES

Mood of uncertainty

Stringent measures adopted by RBI to curb inflation and improve the forex reserves have had an adverse effect on industry, which had no choice but to bear it. It is not yet clear how long these measures will continue

The war in the Gulf coincided with another kind of war for the Reserve Bank of India. The petroleum price hike and its cascading effect on the prices of other essential goods and the resultant drain on the country's foreign exchange reserves forced it to take up arms against both. Corrective measures were taken step by step. And yet, success eluded the RBI on both fronts — forex crisis as well as inflation.

At the same time, the impact of the measures adopted by the RBI became unbearable for the industry. Not so much because they called for 'sacrifice' from the industry as for the confusion they created. One day, the RBI imposed a 50 per cent cash margin on all imports; a few days later it relaxed the stipulations for EOUs, FTZs and general currency areas. In the next few days the RBI issued yet another control banning sale of free foreign exchange for import of capital goods along with 133.33 per cent cash margins on imports under OGL. Says a senior official of commerce ministry, "Cash margins are a price mechanism and ban of forex sale is a physical control to check imports. And both hurt exports badly."

True, the precariousness of the balance of payments condition is well-known. But what the trade and commerce would like to know is how precarious is the situation? What is the level of forex reserves the RBI is aiming at through these measures? How temporary are these measures?

Motive not clear

Clearly, the RBI motives behind these measures are not made clear to the public. The commerce ministry officials feel that if making industry seek a prior approval of RBI is to introduce a system of privatisation, the RBI is not geared to handle it. The only other motive seems to be to cause a delay. The country also has Rs.5,000 crore worth of gold reserves. Why isn't the RBI using it in times of need? Its demand for a 200 per cent cash margin made imports impossible for most industries; also, its pressure on banks to contain credit expansion drained away liquidity from the financial system within no time.



Pharmaceuticals: facing raw material shortage

The freeze on working capital limits at peak utilisation during the past three years appears complex at the operating level. First, there are too many exemptions and then arriving at the actual limit after ascertaining three years' limits is too elaborate. Says a general manager in a medium size nationalised bank, "The RBI does not understand the problems at the implementation stage. I wish an RBI official actually works out limits in a few cases."

Calculating limits for borrowers taking loans from several banks under consortium finance is even more complex. Commenting on the RBI's promise to review the freeze, a senior bank official says, "This would be such a lengthy process that by the time we complete the calculation, it will be September." Dena Bank's general manager Pratap Merchant admits, "Neither we as lead managers of a consortium asked other banks to come together to fix up new limits, nor have we been asked by other lead banks to do so." Probably each bank has restricted limits given by it and left it at that.

Lines dry up

Cutting credit for banks is not necessarily a corollary of the credit squeeze. It is dictated by the non-availability of funds too. The call money rates — the barometer of liquidity in the financial system — touched a peak of 110 per cent and troughs of 30 per cent since April, as against the normal bottom rate of mere 3 per cent. The minimum lending rates went up from 16 to 17 per cent officially and 23 to 30 per cent unofficially and bills are being discounted at 23 to 26 per cent as against 15 to 18 per cent of normal times.

Financial institutions' refinancing lines have almost dried up. Though mutual funds are having a field day in the call money market, they are non-committal towards individual borrowers. Bankers and borrowers are quite understandably unwilling to commit themselves for a longer duration when rates rule high. The maximum a banker would commit is 30 days. Naturally so, because they too find it difficult to locate funds

that are available for a period longer than this. Says a Citibank spokesman, "There is uncertainty about both the cost and the availability of funds."

ANZ Grindlays' move to link up the lending rate with the call money rate is, in fact, a good testimony to this uncertainty. Says an official of a British bank, "This is a very crude form of an internationally prevailing mechanism of LIBOR-linked lending rates." In the international market, the LIBOR is the benchmark for interest rates and banks get a fixed spread (profit margins) over that rate in their dealings.

Though most bankers see Grindlays' move as 'logical', they consider it quite impractical from the nationalised banks' point of view. "How can we reach the information daily to all our branches spread across the country?" asks Merchant. The move thus is brushed aside as temporary. But banks do not see the rates returning to previous levels even after the situation eases. "The rates could stabilise at 22 to 23 per cent or even remain floating," says an official of a financial institution.

Borrowing capacity reduced

In the meanwhile, the industry bears the brunt. Though it is too soon to assess the total impact on the industry, S. Viswanathan, group vice-president, finance, Murugappa group says, "Generally, the borrowing capacity of every company is reduced by 20 to 30 per cent. The RBI curbs will have a higher impact on those companies which managed funds well and hence did not utilise their full bank limits." Century Enka and Supreme Industries are cited by bankers has instances in point.

Several industries, particularly those with a high import content, are hit hard by the RBI's fire-fighting measures. And so are the marginal units in the small and medium sectors while the large and cash-rich companies are able to withstand the shocks. Many have, perhaps, inventories built up to see them through the next two months. Says R. Seshasayee, executive director, finance, Ashok Leyland, "We may feel the impact of RBI measures two months hence, because we have the requisite new material in the pipeline."

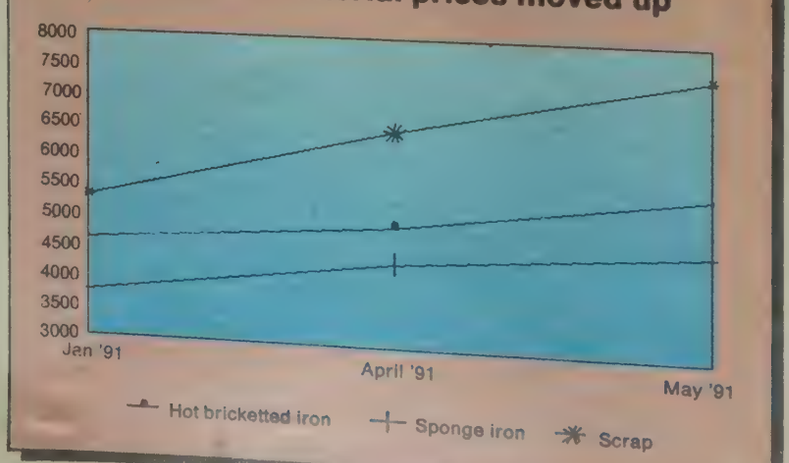
The effect is strongly felt by the drug industry because nearly 80 per cent of the production cost of most widely-used drugs comes from imported raw materials and intermediates. With the need to maintain cash margins, imports are almost impossible due to which production is hit. Naturally there is a delay in the export orders delivery and orders are being cancelled.



Apolymes plant: domestic processors in trouble

Ampicillin — the most important product of Lyka Labs (turnover Rs. 60 crore) — will be affected because stocks of a vital intermediate, phenol glycine, will be exhausted by end May. "If things get worse," says N. I. Gandhi, managing director, Lyka Labs, "we may have to shut down our plant. And when I said that last month, my bankers got scared."

But for the borrowers the problem is real. Says Gopakumar Nair, CEO, Bombay Drug House (turnover Rs.10 crore), "From next month I may not be able to produce trimethoprim at all. By 15 June, we will be left with no raw material stocks.



We are receiving cancellations of expor orders very frequently — right now I got fax letter from Kenya, cancelling order worth Rs.4 to 5 lakh because there is a de lay in executing the order. If this situa tion prevails, we may soon have to lay of staff." According to CHEMEXCIL, shortfall of Rs.800 crore in the export tar get may well be expected.

No margin money

For the sagging petrochemical industry the fall in international polymer prices t pre-Gulf war level, could have meant a re prieve. Due to recessionary trends in th US and Europe, the petrochemicals de rivative prices fell from the previous $1,200 per tonne to $700 per tonne. Bu the Indian industry had no respite. Th average domestic prices of petrochemica derivatives still continue to rule high a Rs.52 per kg, nearly the same when poly mer prices were quoted a $1,200 per tonne interna tionally. The reason: RBI's dik tat on the 200 per cent margi on opening LCs.

As the domestic landed prices of major polymers such as HDPE, LDPE, and PP re mained at the Gulf war levels the domestic plastic pro cessors, who need to impor nearly 50 per cent of their to tal requirement, obviously suffer. "The processors were suffering with just 50 per cent margin money requirement and a 200 per cent require

ment will kill this industry," laments Vijay Merchant, president of the All India Plastic Manufacturers' Association (AIPMA).

In India, 18,000 plastic processors have a combined annual capacity of processing 1.5 million tonnes of polymers. Of the total demand of 800,000 tonnes of plastic raw material a year, only 350,000 can be purchased internally, the rest being imported. Over the last one year, around 3,000 small processors had to shut down their units and it looks as if more will follow suit.



Petrochemicals: no reprieve

Demand-elastic products

While the small and unorganised sector has been hit the worst, many large processors also are in trouble. Those manufacturing PVC sheets, films, pipes and other low value-added products, where raw material costs constitute almost 70 per cent of the total costs, have been struggling to keep out of the red. Manufacturers of household and consumer plastic goods face an even worse situation, their product being demand elastic. The increasing consumer resistance has led to falling demand for their goods.

Some larger polymer processing companies are still in a seemingly better position as they have adequate internal cash generation to meet at least part of their import requirement, and the raw material component of their costs is relatively lower at around 30 to 40 per cent. Some exporting companies like Milton Plastics, makers of thermoware, have some breathing time since they are exempted from margin money against advance licences for exports. Units manufacturing value-added items like moulded luggage, speciality plastics, and components for the electronics and automobile industry have also managed to hold their own.

Says Harish Mehta, joint managing director Hinditron and president of NASCOM, "Since the computer industry is highly leveraged, its cost of funds will increase. Moreover, as the cash gets blocked for three months as cash margins, imports in large quantities will be difficult. This will give rise to large-scale smuggling." Fortunately for the computers industry, sales had just peaked in the first quarter. Yet, Mehta feels there will be "large-scale retrenchments in the industry".

The diamond industry, which imports roughs and exports them in cut and polished form; which is 38 per cent value addition to earn net foreign exchange is in jeopardy today and will come to a standstill tomorrow as it faces 'rough' weather. The 50 per cent cash margin itself, had forced the diamond industry to the verge of a closure. Now, with payments delayed by the need for RBI approval on each remittance and absence of credit on exports, "Our image is tarnished in the international market and the repercussions are severe," says Bharat Shah of B. Vijaykumar & Co, the leading diamond trader in the country. Fresh imports have come to a halt and the industry is facing several closures and unemployment.

Price hike imminent

The 100 mini steel and ferro alloy units face difficulties on two counts. First, there is an acute input shortage as imports have stopped for the past few months. And then on account of the increased demand for indigenous raw material, viz, sponge iron, the costs have risen sharply. Says R.N. Singh, executive director, Mahindra Ugine Steel, 'There has been a 20 to 30 per cent rise in prices of melting scrap since last December due to the hike in the import duties. And because of this raw material shortage, the units expect a 30 to 50 per cent fall in their production levels this year." Though it is difficult to predict the exact amount, he adds, this may lead to a steel price hike by 1.25 times.

K. Ramachandran, chairman, Alloy Steel Producers Association, explains the alloy steel producers' plight. The Metal Scrap Trading Corporation (MSTC) is the sole canalising agent for metal scrap in India. The RBI had released forex to MSTC for 1991-92 before the country entered the forex crisis. But the MSTC failed to arrange continuous supply of metal scrap. Rather than staggering the raw material supplies so that, month after month, the alloy steel producers would keep getting their supply of scrap, the MSTC has allowed the situation to drift. Now the units have enough scrap only to last six to 10 weeks.

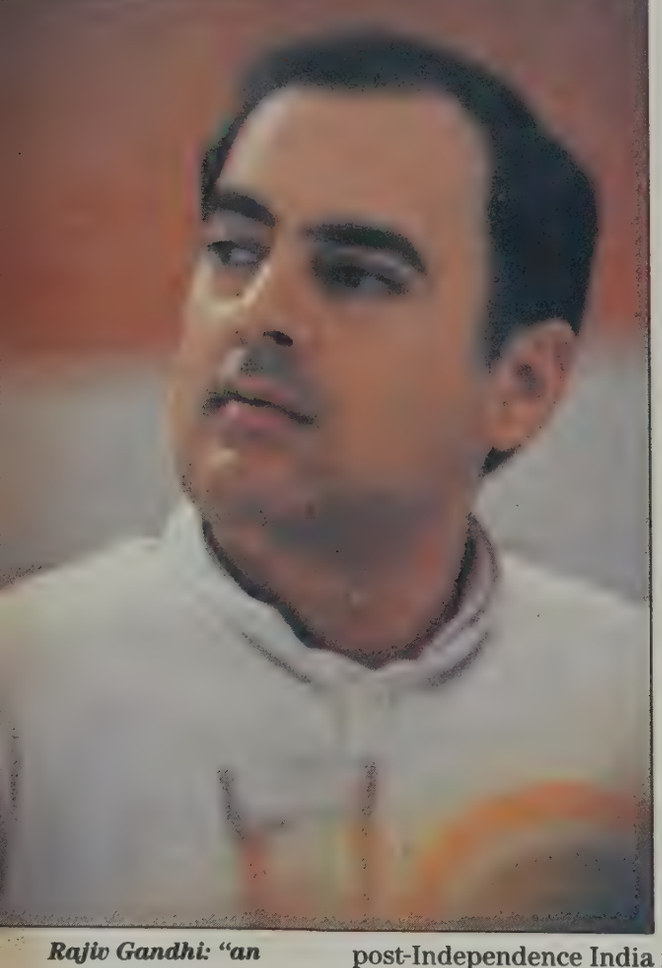
As the demand for indigenous metal increased, suppliers of indigenous raw materials such as hot bricketted iron and sponge iron have raised the prices of their products too. From Rs.4,000 in July last, the prices of hot bricketted iron has gone up to Rs.5,600 per tonne today — a 40 per cent hike. The prices of sponge iron, on the other hand, rose by 23 per cent since January and scrap prices rose by nearly 35 per cent in five months. No wonder the mini-steel units are opting to run at a lower capacity right away than to run at full capacity now and then shut down completely after the raw material stocks are exhausted. Mukand Ltd has stopped operating two electric arc furnaces out of three. Mahindra Ugine Steel too has shut off one of its two furnaces.

Buyers' market

In any case, the mini-steel sector has excess capacity and the market is indeed a buyers' market. Says Singh, "Since there are bulk buyers and there is oversupply in the market, buyers can really dictate prices to the suppliers." In fact, often, there is undercutting among these units which leads to the units finally becoming unviable. Added to this problem is the rising costs of these units due to the RBI curbs. The combined effect of all these is

India will never know whether Rajiv Gandhi would have become prime minister again. But it does seem plausible that he would have made a better and more mature prime minister. In both the Congress-I's manifesto as well as in private, he acknowledged the need for structural changes in the economy. He finally found the courage to drop "socialism" from the Congress party documents and at the same time talked in terms of a time-bound programme for reducing the state's role in the economy. His electioneering style itself was different: a deliberate attempt at getting closer to the people regardless of security, to combat his own realisation that during the years he was in power he had allowed himself to become extremely isolated. Ironically that proved to be his undoing.

Pankaj Desai



Rajiv Gandhi: "an outsider to the political system"

Any assessment of Rajiv must start with the recognition that he was a politician for only about a decade — of which four years were as a reluctant participant in the grand drama presided over by his mother, five as a prime minister and one as the leader of the opposition. This was an extremely short period by any standard even for the heir of a dynasty which ruled post-Independence India for all but five years.

This proved to be both an asset and a liability. Having arrived on the scene without going through the long process of being trained in the Byzantine ways of Indian politics, he didn't carry the baggage of the garden variety politician. At the same time this lack of experience led to all those disasters that many people would like to remember him by.

Aura of freshness

He was just forty when he took over as prime minister of the country and his youth brought with it an inevitable aura of freshness of vision. He himself reinforced it by his early actions. First, he distanced himself from the coterie of glorified stenographers-turned power brokers that surrounded his mother, and brought in people to advise him, who at least at that time appeared by contrast to be refreshingly different and competent. Secondly, he offered the promise of rejuvenating the Congress by reviving inner party democracy. Thirdly, and most importantly, he attempted to tackle problems head-on, both economic and political, that had stymied his mother for years. "Rajiv Gandhi prefers to think himself as an outsider to the political system, neither beholden to it, nor enamoured of it," one commentator said of him at that time.

But there was unfortunately a wide gap between what he attempted to deliver and what he actually could, something which in hindsight would seem inevitable considering both his inexperience and the rashness with which he tried to achieve his objectives. The accords which he signed, on Punjab, Assam, Mizoram, Gorkhaland and Sri Lanka, appeared to show that there were solutions to these problems which were not blocked by history and all that was needed was good faith and a sense of accommodation. In Punjab, Assam and Mizoram, he set aside narrow political considerations and allowed regional political parties to come to power at the expense of the Congress, something his mother would have never done. He saw his party's loss as the country's gain.

Yet many of these accords were disastrous failures and the reasons were not far to seek. Rajiv had either done poor homework in anticipating the consequences or simply lacked the courage to push through his convictions. He failed to initiate debates which would have helped to build a consensus both within his party and within the country for his various accords.

End of an adventure

In Punjab, for example, he signed the peace accord with Sant Longowal in July 1985, just seven months after taking over as prime minister, and allowed elections soon after in which the Akalis triumphed. But when the time came to transfer Chandigarh to Punjab on 26 January 1986 he backtracked, because the judge appointed for the purpose could not find a suitable compensatory territory for Haryana. Six months later, a second judge presented an equally unworkable solution for the boundary sharing. But by then Gandhi himself had lost the courage to go through with the accord, fearing a backlash in Haryana in terms of electoral loss for the Congress-I. And that was the end of his Punjab adventure. Worse than his own failure, the tragedy here was that he first created hope and expectations in the people of Punjab and then destroyed them, understandably engendering a state of nihilism much worse than the chaos that Punjab faced when he first sat across the table from Longowal.

The failure of the Sri Lanka accord was a repe-

tition of the Punjab experience. The signing of the accord on 27 July, 1987 offered an alternative to the fratricidal conflict which had plagued the country for years, but it did so without the necessarily laborious process of bringing the two sides to some kind of a via media. The speed with which the accord was drafted made it seem as if Rajiv was more interested in the public relations' benefit that would accrue to him rather than the welfare of the parties involved. The LTTE was virtually coerced into signing the agreement with predictable and disastrous results. They reneged and the Indian army sent to maintain peace was forced into waging an unwinnable war at a huge cost both in terms of money and morale.

Rajiv's failure to carry out his promised reforms within the Congress party is in hindsight even more tragic, considering that today after him the party lacks a democratic mechanism to even elect a leader. Speaking at the centenary celebrations of the Congress party in December 1985 in Bombay, Rajiv thundered that he was going to do away with "power brokers" who "thrive on the slogans of caste and religion" and who "dispense patronage to convert a mass movement into a feudal oligarchy". He promised to appoint committees to verify party membership as also hold party elections for the first time since 1969. But only a few months later he decided against the election on the specious premise that bogus membership would allow electoral victories for the very power brokers he had hoped to check.

Nothing did change

For a man who said that he welcomed criticism in the party, he expelled Pranab Mukherjee on charges of dissidence and forced the then Congress working president Kamalapathi Tripathi to step down for the same reason. Eventually nothing changed. Like his mother, he seemed most comfortable in the company of sycophants and made sure that he had no rivals.

Amongst all these failures one area where he did make a significant impact was in revitalising the Indian economy. He has been criticised for not moving fast enough, yet there is no belittling his greatest contribution: creating a new consensus in favour of a new liberal order, a move away from bureaucratic controls. There are many who believe that rather than by a well thought out plan, liberalisation came to him instinctively. Some have termed him as a knee-jerk liberaliser. As *Business India* columnist Sudhir Mulji explained : "It was a deep and intuitive scepticism about centralised planning that enabled him to reject the standard economic nostrum prepared for him. I do not believe that Rajiv Gandhi pushed liberalisation because he understood the role of markets and prices in the economic system; the spirit of Adam Smith did not walk hand in hand with him along the banks of the Jamuna. I believe that he rejected planning because he could not take the complex mumbo-jumbo that a centralising bureaucracy needs for justifying its interventions. This compelled him to look outside the confines of his government and its intellectuals for solutions in the problems of the Indian economy. He was accused of belonging to an alien culture, but it was his very alienation that allowed him to cut loose from the shackles of Indian thinking."

He built on the inheritance of his mother, who had by the latter part of her tenure begun the process of liberalisation, but went far beyond it. Amongst the broad list of achievements were a reduction of income and corporate tax, simplification of tax procedures, delicensing of many industries, raising of the MRTP limits, broadbanding in the licensing of several industries, introducing the concept of minimum economic capacities and doing away with maximum capacity restrictions. Restrictions on foreign collaborations and imports were reduced. Exports were encouraged by a number of measures including the exemption of export profits from income tax. The new electronic policy, the new textile policy, the new drug policy, all helped change the complexion of Indian industry as never before.

Liberalisation was not restricted to trade and

Chadha/Illustrated Weekly of India



With wife Sonia: belonging to an alien culture?

industry but extended to other areas like banking, finance and the capital markets. In a major policy change starting in 1988, the Reserve Bank loosened its grip on the money markets and permitted companies to issue short-term instruments like commercial paper and certificates of deposit. Banks were freely allowed to set up subsidiaries which could provide services like merchant banking, extend housing finance and float mutual funds.

The consequences of all this on the economy was far-reaching. Almost overnight the complacency of established firms who had near monopoly positions, was shattered as competition became a reality. Where there were queues for everything, the economy today is characterised by excess supply in every area from computers to cement, to automobiles and telephone instruments. Industrial growth in Rajiv Gandhi's five years averaged more than eight per cent. The economy grew at an average of five per cent. Exports more than doubled while the investment in the capital market tripled. While the size of the middle class kept growing, the number of people below the poverty line fell from 273 million in 1984-85 to 211 million by March 1990.

Mounting debt

There was another side to his economic policies. The government under him was unable to curb the budgetary deficit as it promised it would. It rose from Rs.3,745 crore in 1984-85 to Rs.7,484 crore in 1988-89. Total external debt nearly doubled to Rs 69,000 crore. And because of the fact that his liberalisation did not reach areas like the public sector, 80 per

Saving the party

Even as news of Rajiv's assassination filtered through to Delhi, R.K. Dhawan, M.L. Fotedar, P. Shivshankar, P.V. Narasimha Rao, Satish Sharma, Sitaram Kesri and Pranab Mukherjee moved swiftly to keep their party together. They all collected at 10, Janpath and even before the bereaved Sonia could leave for Madras to collect her husband's body, they tried to persuade her to take over as the president of the Indian National Congress to continue, "the fight her husband had taken on and to prevent the party he so cared for from breaking up."

Wary of nominating each other to the coveted post of Congress (I) president, the caucus decided to share power by electing a "dummy queen as their controllable instrument of power," as a family friend present there put it.

An insider at 10, Janpath claims the first item on the agenda of the coterie's meeting was to save the party from splitting, with more than 300 Lok Sabha seats at stake. The second was to prevent each other from taking over; and the third was to elect a consensus candidate, namely Sonia, as party president who would serve as a 'vote-catcher' and who was also acceptable to all.

Two of the leaders insisted on swift action to prevent UP's Brahmin leader Narain Dutt Tewari from assuming leadership of the Congress or vice-president Shankar Dayal Sharma succeeding in heading a national government. An idea to appoint an interim or working president till the election was floated. The idea was to have someone who could not stick to the chair in the long run. "Perhaps someone from the south, may be Narasimha Raoji," a senior Congressman tentatively suggested. But, reportedly, Dhawan and Fotedar both shot it down saying, "He is not well. He was too ill to even fight the elections."

A pre-emptive move

Time was moving on and it was learnt that a section of the Congress (I) was not averse to prime minister Chandra Shekhar's leadership. However, in a hasty and pre-emptive bid to stall any such move, the group agreed on Sonia. Satish Sharma, ex-pilot and Rajiv's close friend, V. George, Rajiv's secretary and R.K. Dhawan went to persuade the widow. She is supposed to have accepted the proposal very reluctantly saying she had no interest in the job. But apparently her daughter, Priyanka, tilted the scales in her favour, by saying that her father would have wanted her to help preserve the party.

The next morning all the Congress (I) Working Committee members decided that they would go through the motions of holding a meeting and then "succumb" to the public pressure for her nomination. At 4 pm on Wednesday, Arjun Singh began the meeting with a small crowd outside the Akbar Road office shouting that Sonia be made party president. And so her name was proposed, "to exploit the sympathy for the Gandhi-Nehru family now." To stem all scope for anyone staking a claim in the future, her name was announced as permanent Congress (I) president. To keep dissension at bay, possible contenders like N.D. Tewari were not even invited to the meeting even though he



Pankaj Desai

Pranab Mukherjee with Indira Gandhi: moving to keep the party together

ent of the borrowings continued to be used up for import substitution rather than export-oriented industries. And in what many thought was abject faint-heartedness brought about by the false feeling that it might derail his re-election chances, he resisted all attempts to go to the IMF for a loan despite a worsening foreign exchange crisis.

BOP crisis

The conventional wisdom is that if Rajiv had shown the courage of going to the IMF, then the country would have grown out of its BOP crisis. This is borne out by the fact that while the trade deficit increased from Rs.5,390 crore in 1984-85 to Rs.7,899 crore in 1988-89, it decreased as a percentage of GDP from 2.4 per cent to 2 per cent. And though there has been the criticism that he did not fundamentally alter the structure of the Indian economy, the rapid growth that his policies engendered, rendered many of the restrictive policies which existed on paper ineffective.

While his economic policies offered the country the prospect of a way out of economic stagnation, his tragedy — and necessarily that of the country — was his political immaturity. His achievements were mainly in the first half of his tenure, the latter was characterised by drift and indecision. Confronted by charges of corruption about the selection of the Bofors gun, he was unable to react effectively. He vehemently protested his innocence. It was never conclusively proved that he was anywhere near guilty. But his naivete and brashness, combined with vacillation and prevarication, led to a feeling that he had something to hide and eroded his

phoned saying he would like to attend.

However, Maharashtra chief minister Sharad Pawar, Bihar CC(I) president Jagannath Mishra and K. Karunakaran from Kerala did express some reservations, though only mildly. Pawar reportedly said: "We can retrieve the situation better through collective wisdom." But they did not press the point in the emotionally-surcharged atmosphere and the proposal was silently passed. Middle level leaders like Balram Jakhar and H.K.L. Bhagat had, till minutes before the meeting, tried to get Narasimha Rao elected interim president. But Sitaram Kesri and Ghulam Nabi Azad sided with the pro-Sonia faction.

Grace under pressure

In the meanwhile, Sonia was at Teen Murti Bhavan sitting near the body, receiving visitors and waiting for her son Rahul to come back for the funeral fixed for Friday. Priyanka and other family members sat around giving her moral support. Satish Sharma's European wife Sterre, press advisor Suman Dubey and R.K. Dhawan were with her all through the day. Composed but obviously grieving she gracefully received the president, the vice-president, the prime minister and leaders from all parties.

In the meanwhile, the Congress(I) had hired professional weepers to stand outside the house and cry. The police had a difficult time trying to control the crowd, which kept surging forward and had to be lathi-charged. Even waiting mediamen were assaulted by the police, who had not made any proper arrangements for them either. Rahul arrived on Thursday and the pressure on Sonia was relieved somewhat.

The Congress(I)'s official offer of the party presidentship was made to Sonia on Wednesday evening. She declined saying she did not care to take up the post then. A knowledgeable source said the refusal had been anticipated, but as part of the party's strategy, Sonia would, a day or two later, be "pressurised by party workers" to accept. At the time of going to press an alternate leader had not been named.

While the whole country was shocked by Rajiv Gandhi's brutal assassination, a little of the sympathy abated when the announcement of Sonia's leadership was made. Remarks like "Nehru-Gandhi Ltd," "Italian National Congress", "Firangi Nahi Chalegi" were heard from crowds outside the AICC office. Senior opposition leaders too said that while the act was dastardly, the behaviour of the Congress(I) after the death was deplorable. A spokesman of the Janata Dal said that it was a reflection on the 106-year-old Indian National Congress that, "it cannot find an Indian to lead it." The BJP was even more scathing, "It seems that there is not a man left in the Congress(I)."

Disaster for the BJP

For the Bhartiya Janata Party, the assassination of Rajiv Gandhi could not have come at a worse time. In its last leg of electioneering, the party was surging ahead rapidly in Uttar Pradesh (85 seats) when disaster struck. It had already a wave in its favour in Gujarat and had an even chance in Madhya Pradesh and Rajasthan. It had also made some inroads in Karnataka, a state where its presence hitherto had



Congress(I) leaders with Rajiv: no Indian to lead?

legitimacy.

The last two years of his tenure were spent in a state of siege and he was unable to govern effectively. Not only had he lost all the enthusiasm and initiative of his first three years but he was forced to seek help from the very people he had tried to distance himself from in his early years, his mother's courtiers.

Surprising grace

His election debacle of December 1989 was not surprising; but what did surprise many was his grace in defeat. His lack of malice for his bitterest foe was shown by his presence at V.P. Singh's swearing in. As BJP stalwart A.B.Vajpayee said last week, "He was a warm-hearted man for whom political rivalries did not mar personal relationships."

His one year record as the leader of the opposition was a mixed one. In that old and shameful Congress tradition, he arrogantly dislodged Virendra Patil as the chief minister of Karnataka and tried doing so with Sharad Pawar in Maharashtra but failed miserably. He showed political savvy in his role in the downfall of both V.P. Singh and Chandra Shekhar, and in hindsight there are indications that he might have been right in forcing elections at this time. The crowds he had been drawing at his election rallies was demonstrative of the fact that his charisma had not deserted him. He may well have been the country's next prime minister. Whether he would have in his second term measured up to the renewed expectations of the people, will forever remain unanswered.

■ N. RADHAKRISHNAN and EAPEN THOMAS

been negligible. All this had the potential of taking the BJP to a respectable number two at the hustings. The opinion polls also revealed that.

The BJP leaders have now decided to try and garner votes on the stability factor, hitherto the USP of the Congress(I) campaign. Their argument would be, that the stability of the Congress(I) regime had been dependent on Rajiv. But now that he is gone, there is no point in voters voting for the Congress(I). Therefore, they should vote for the only stable party left, the BJP.

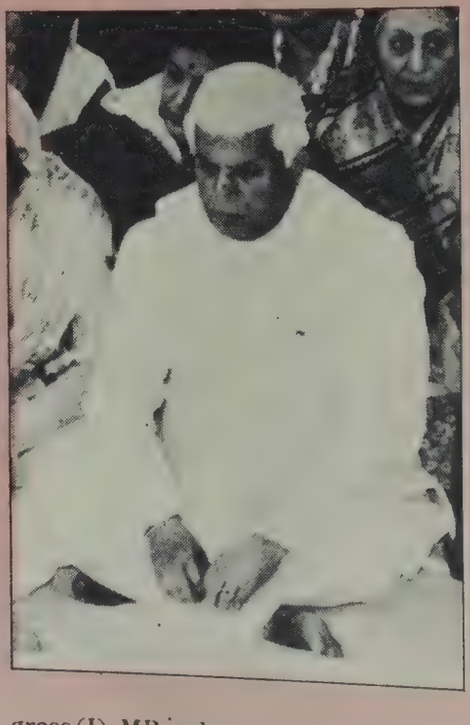
Party hawks would like to sell the line that Sonia is not an Indian by birth — she became an Indian citizen as late as 1983. On top of that she is a Catholic. How can you have a Christian PM in a Hindu *rashtra*?

Banking on a break-up

Sources in Chandra Shekhar's Samajwadi Janata Party (SJP) said their party leaders felt that whatever happened, the SJP stood to gain — whether Sonia or someone else was made president, the Congress(I) was bound to break up. "And why did they not accept Chandra Shekhar*ji* as leader?" asks a SJP loyalist. "After all, he was part of their party, and has maintained friendly relations with most leaders there."

Within the Congress(I) too, party workers have been divided into different camps and cliques already. They are sure that once the elections are over a fight for leadership will begin in earnest. Narain Dutt Tewari leads the most vocal camp which is supported by Jagannath Mishra and Sharad Pawar. The southern lobby is in favour of P.V. Narasimha Rao. Sitaram Kesri, the party treasurer, would like neither. Arjun Singh too is lobbying, but Madhav Rao Scindia, Dinesh Singh and Pranab Mukherjee are trying to fix on a different candidate altogether.

Another section is strongly in favour of aligning with Chandra Shekhar. This camp is, however, very subdued, not sure which way the wind will blow. What is interesting is that no one within the Congress(I) is considering an election as one way to settle the matter. Meanwhile, those Congress(I) MPs who were facing tough fights are relieved that they may now scrape through on the sympathy wave.



According to one line of thinking, the result of the election seems to be a foregone conclusion now, with the sympathy over the gory killing likely to help the Congress(I) get a simple majority. But what happens then? A fight for the prime minister's post is very much on the cards. If the Congress(I) cannot marshall its forces by then, the party will begin to crumble. And even if Sonia is made prime minister in the event the Congress wins, she cannot be projected as a long-term leader, feel political analysts. "Simply because she is a foreigner," they explain. "Once the emotional sympathy fizzles out, people will begin to question her credentials. And by keeping her on as their leader the Congress will give plenty of fuel to the opposition."

Few options available

The options for Congressmen are very few now. The fight for the top post is likely to be between Narasimha Rao, Pawar and Tewari. Whoever wins, political experts foretell the splintering of the Congress. If Tewari is made prime minister, the southern and backward caste members will be alienated. If one of the southern contenders comes out on top, the crucial states of Bihar and Uttar Pradesh will be irked.

The break-up of the Congress will further strengthen the forces which are already pulling the country apart. Says Madhu Limaye, veteran politician, "For whatever it is worth, the Congress was the only centrist party with an all-India presence and, therefore, did provide stability to the political structure of our country."

In a bid to preserve the country's precarious stability, the President is again mooting the idea of a national government. His idea may be picked up by the Congress moderates if they cannot come to a consensus on a leader. Political experts feel that at this juncture a national government may not be a bad idea as, they argue, any change in the national political equations may wreck the country's democratic fabric.

■ RUCHIRA GUPTA

The end of a dynasty

The explosion which robbed Rajiv Gandhi of his life, though lamentably tragic and horrific, is but an example of the role violence has come to play in our public life. The tragedy occurs at a critical stage of our political history with the collapse of two governments within the space of 14 months.

The question uppermost in people's minds is: why have we come to such a pass? Barely a week after the Shiv Sena supremo Bal Thackeray had lauded the actions of Nathuram Godse, assassin of the Mahatma, Rajiv Gandhi is brutally killed. Yet Rajiv Gandhi first came into international prominence bravely standing by the funeral pyre of his mother. In the case of the Mahatma and Mrs. Gandhi there were discernible threats from aggrieved groups, but in the case of Rajiv Gandhi the killing was an example of aimless and wanton violence. It is this kind of violence which is coming to dominate our public life.

Why? What differentiates Indian democracy today from what it was in the past? The principal cause for the increased cycle of violence lies in the breakdown of a basic consensus between political parties in the manner in which political discourse should be conducted. In addition to which is the disappearance of principle in politics leading to a moral vacuum in which winning is the only end, no matter the cost. This breakdown is amplified during electioneering as politicians are no longer bound by the same ground rules as before.

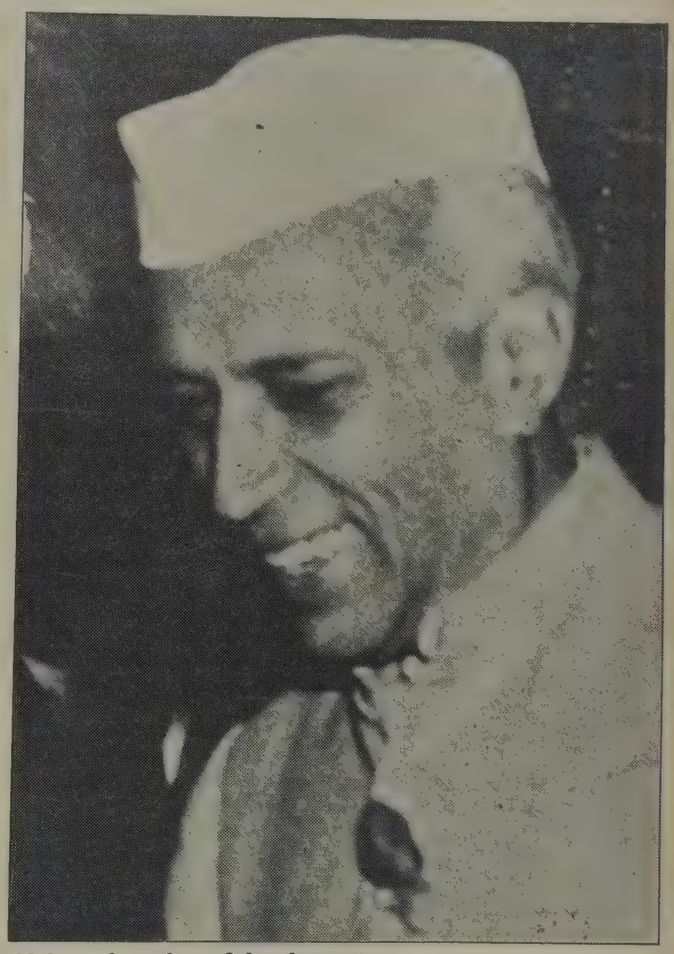
Criminal candidates

The calibre of politicians has also shown a marked decline, with criminals and gangsters populating the lists of candidates put out by all parties. The breakdown of the rule of law has encouraged these antisocial elements to come forward since an election would involve practical amnesty for their crimes and assist them in gaining respectability and opportunities to make large financial gains. This contrasts with the class of politicians who emerged in the period after Independence — the professional (nearly a third of the first constituent assembly consisted of lawyers) and the public servant predominated. Politics involved sacrifice to the cause of public service and politicians were widely respected as being persons of integrity and honour. There are very few politicians today who would fall into that category. The lumpen element now figure prominently.

Among the reasons for the predominance of criminal elements in politics are the financial arrangements necessary to fight elections and the muscle power now seen as essential to assist in the electoral process. Even such national leaders such as Mulayam Singh Yadav and Laloo Prasad Yadav, chief ministers of UP and Bihar respectively, have permitted themselves to be shot by photographers while in the process of booth capturing. Another aspect of this criminalisation of the electoral process is provided by the state of Bihar where the chief minister has sought to arm his supporters with country rifles and bombs in preparation for the elections.

The stakes involved in electioneering are very high indeed. First, the cost of contesting an election is prohibitive, apparently fighting a Lok Sabha seat in UP would cost around Rs.1 lakh a day in terms of jeep hire, petrol, keeping the party workers happy and other sundry items. This money would necessarily have to be paid in cash since cheque amounts would infringe the ceiling on election expenditure. Having made such an expenditure, the candidate would be determined to win no matter what means he would be constrained to use. Having succeeded, his interest would be to recover his initial investment as quickly as possible and prepare for the next round of elections. Such is the economics of our democracy and this economics precludes the honest candidate from contesting, leaving the field open to all manner of unsavoury elements.

In a sense the present election sees a culmination of all these disreputable practices, with a new record set in the number of independent candidates murdered. There has never been a more violent election in our political history. Perhaps we got a flavour of what was to come with the Meham by-election where the independent candidate was murdered and Om Prakash Chauthala, the then chief minister of Haryana disgraced himself. At any other stage in our history such a man as Chautala would at the very least be ousted from public life.



Nehru: founder of the dynasty

The practices adopted by parties to win elections are only symptoms of a wider malaise: the lack of a clear and principled framework of a national vision. The founding fathers of the Constitution were agreed on these principles and this measure of agreement extended to opposition members such as Ram Manohar Lohia and Shyama Prasad Mookerjee who otherwise had strong ideological disagreements with the Nehruvian vision of India. All were agreed on the sanctity of the Constitution and the rule of law.

The electorate in this election have never been so polarised along caste and communal lines. The Janata Dal has actively campaigned on caste lines, impressing on the backward castes the necessity for unifying under its banner. The BJP has

similarly sought to mobilise votes by appealing to religious sentiment. Unfortunately, the Vishwa Hindu Parishad has been conducting a blatantly communal campaign in which Sadhvi Rithambara has played a leading part by making inflammatory speeches which have resulted in a number of deaths and communal riots with the police turning a blind eye. The Bajrang Dal, the student wing of the Parishad, has been distributing miniature *trishuls* to its members and supporters for their use. Unfortunately, as these two entities are not political parties they are not subject to the laws on corrupt electoral practices. But the BJP's apparent inability to control them gives rise to concern.

Thus, all parties face a very different India from that which existed at the time of Pandit Nehru. A bitterly polarised electorate along caste and communal lines. Secessionist movements who effectively prevent the peaceful conduct of elections in their areas. Rampant criminalisation of the candidates and exorbitant expenditure by the candidates. And the alacrity to use any means, fair or foul, to win elections, even murder.

Legacy or misuse

This state of affairs is a legacy of many years of neglect and misuse of our political system. The two principal causes of this neglect are the encroachment by the Centre on state powers and the systematic emasculation of the party system by both the Congress and the Janata Dal.

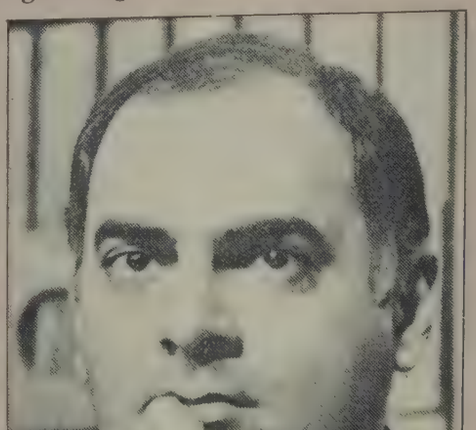
In respect of Centre-state relations, the rot set in at the time of the dismissal of the Kerala government, the first elected Communist government in the world, in the late fifties by the young AICC president, Mrs. Gandhi. Centre-state differences can be classified as political and economic. The two are not unconnected insofar as the stronger economic powers acquired by the Centre have weakened the political standing of the regional leaders, whatever their party. The three generations of Nehrus have seen a gradual decline in the quality and stature of state leaders. The internal party reasons we will recur to later. It suffices to say that particularly under Mrs. Gandhi and Rajiv Gandhi there was a determination to install pliable chief ministers who had no base and were sent in the manner of regional satraps to represent the Centre at the state level.

The example of Andhra Pradesh, formerly a Congress stronghold which saw a succession of chief ministers before the emergence of a regional party, the Telugu Desam, brings home the dissatisfaction caused by the arbitrary and uninformed choice of chief minister. In respect of opposition states, and this applies to the Janata Dal as well, is the repeated top plings of governments which are not the party ruling at the Centre through th invocation of Article 356 of th Constitution.

The economic dimension to Centr

First the tragedy ... then the farce

The tragedy of Rajiv Gandhi's horrific death has been turned into the farce of making his widow, Sonia, the Congress(I) president. And in its 'collective wisdom', the Congress Working Committee sees nothing incongruous in the act, and has the gall to project its decision as a step in the right direction.



Though at the time of writing, it is unclear whether the widow will accept the honour, the act of offering reveals the depth of dishonourable intention which prevails in the highest circles of the largest and oldest political party in the country. Thus, the act of acceptance, even though it will have far-reaching consequences, at the moment, is of less consequence than the act of offering. Because what we are witnessing is just Scene III of a political drama which began soon after the sudden demise of Lal Bahadur Shastri.

Scene I saw the emergence of Indira Gandhi as the 'fairest and the brightest' among the contenders. The sceptre of power was given to her because of three main reasons: one, she had the right pedigree; two, the other contenders (all male), in their mutual antipathy for one another, believed that Indira Gandhi would be a weak woman; and three, she was advised and guided in her bid for power by a galaxy of brilliant minds who were not in politics for the perks of powers.

In Scene II we saw the same relentless logic working in Rajiv Gandhi's favour: he too had the right pedigree and the attraction which a novice in politics has to a pack of politicians who deeply disliked each other. The crucial difference between Scene I and Scene II was that while Rajiv Gandhi had the advantage of being young and clean he suffered from the severe handicap of having no one of any consequence as his advisors and was unamenable to advice.

Thus, it is not surprising that despite the enormous mandate he enjoyed, Rajiv Gandhi was unable to radically transform a moribund politico-economic system. He only reaped the benefits which even the most controlled economy can and does provide — a comfortable foreign reserves position, a socially stable society, etc. What he saw, instead was the promise of a new era turn into the rule of a coterie of 'power-brokers' and end in the ultimate vulgarity of witnessing the prime minister of the world's largest democracy being accused in the forum of public opinion as the prime recipient of an arms deal kick-back.

In Scene III, which we are now viewing, the same logic has prevailed, the act of offering the presidency of the Congress to Sonia Gandhi has been dictated by her pedigree and political innocence. The first, the party high command believes, will help to generate a winning wave in the crucial second and third phases of the coming polls. The second factor holds, to a deeply divided, mutually suspicious and power hungry members of the party leadership, the attraction of ensuring that the reins of power does not go into the strong arms of the Pawars or prodigals like the Chandra Shekhars. The level of mutual antipathy is such that even a relatively weak Narasimha Rao or N.D. Tiwari is unacceptable in as much as the rest of the

tate relations has consistently been a aga of encroachment by the Centre on tate powers to raise monies and receive onies. The main demand put forward by aders of opposition states such as Jyoti asu, Karunanidhi and others is that they are excessively dependent on the Centre for funds. And that the Centre has over the years, through an increase in discretionary disbursements, avoiding the discipline imposed by Article 275, sought to favour some states at the expense of others.

These irritants are compounded by the appropriation by the Centre of industry, which was formerly a state subject, through the licence Raj. It was a commonplace during N.D. Tewari's tenure as industry minister that if a licence was to be issued to an industrial group to set up a unit, that a condition was imposed stipulating that the group establish the unit in UP. These conditionalities may not be legal but given the power vested in the Centre, which businessmen is going to take up the issue?

These doubts as to the bona fides of the Centre in Centre-state finance and industrial development have had political repercussions. It must not be forgotten that before Punjab became disaffected on any substantial scale, the demand of the Akalis was for greater industrialisation of the Punjab. And there is much justification in the argument that the militants were drawn from unemployed youth who having found themselves jobless blamed a distant and uncaring government in Delhi for their plight. These youth became easy targets for a messianic figure like Sant Bhindranwale to turn against the government and to enrol in his mission of separatism.

Similarly, Kashmir has suffered excessive interference at the political level from the Centre but without any tangible economic benefits given its isolation from the economic mainstream. This poverty has resulted in a lack of employment opportunities for the youth, driving them to embrace fundamentalism and terrorism.

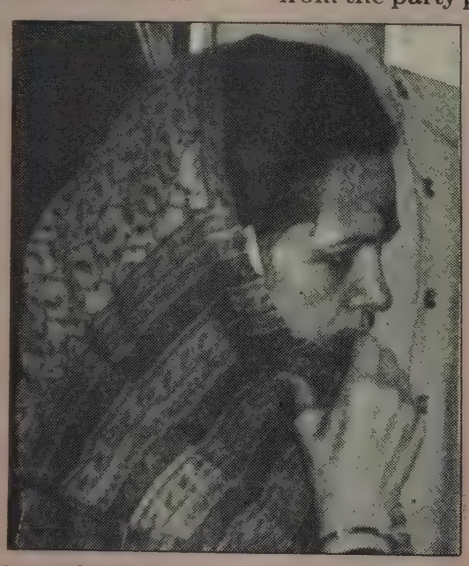
Assam is another area of disaffection and secession. This is a state which has benefited greatly from Central intervention to the extent that the ULFA considers that Assam is best off independent and has taken to arms to assert this claim.

The reaction to these movements by the Centre in the last few years has been disappointing to say the least. Rajiv Gandhi in the hoary tradition of imperial rule merely opened a dialogue with the militants and signed accords without ever carrying the process to its logical conclusion. The reasons for the failure of the accords were not entirely Rajiv Gandhi's lack of preparation although insufficient ground work meant that many provisions of the accords were unworkable. For example, the Assam accord which involved the Central government putting up a fence along the Bangladesh border could not be implemented since there were no

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ounch realise that the mantle of power has the potential of transforming even the most indecisive politician into a formidable and dangerous force.

Nevertheless there is a crucial difference between Scenes II and III. When Indira Gandhi was assassinated, Pranab Mukherjee as the senior most member of her cabinet made an attempt to step into her shoes. This was foiled by the Gandhi coterie which resorted to the unconstitutional act of getting a pliable President to swear in Rajiv Gandhi as the prime minister, without first getting him elected as the leader of the Congress legislature party. This time, the process of transition has been smooth without even a whimper of protest from the majority of the so-called party stalwarts present barring a few exceptions. The reason for this mass servility is obvious: They do not want to suffer the ate of Pranab Mukherjee.



The farce going on — that a party which has a history of over a century could find as its president only a housewife whose sole association with the party has been through wedlock — speaks volumes of the political and moral bankruptcy of the Congress. This act signifies that the seed of degeneration planted in the body-politic of the Congress by Indira Gandhi, and later nurtured by herself and her two sons has now grown to monstrous proportions: the parasite power-brokers controlling a party by their proximity to power, manipulating it through fear and favour, and actually running it and the government.

However, the victory of the Bhawans, Fotedars, Azads, Satish Sharmas Solankis *et al* could well become a pyrhhic one. The note of dissidence struck by Pawar, Jagannath Mishra and Karunakaran at the crucial CWC meeting has the potential of becoming a voice of protest and rebellion. Two factors are in favour of this taking place. One, unlike her husband, who stepped into the prime minister's shoes and then took total control of the party, Sonia Gandhi has to move from the party president's chair to the prime minister's office. If the first movement was from a position of great power to one of political influence, the other is in the opposite direction.

Therefore, the circumstances of her entry on to the centre-stage of politics has placed Sonia Gandhi in a relatively weak position: She is heading a party which has to gain power before she herself gets power. Two, the thrust towards federalism which has become so pronounced in the Indian polity has also made its presence felt in the Congress. While the party which Rajiv Gandhi inherited from this mother was a puppet with its different limbs controlled from Delhi, the party which he has left behind is no longer so malleable to the wishes of the high command.

The inheritance of the widow is therefore not an untroubled one. She presides over a party which is no longer a fiefdom but has all the makings of a confederation which consists of many squabbling zamindaris. And when Pawar and Karunakaran struck a note of dissidence over her choice, they were in effect highlighting this transformation. True, they have not said anything further. But between now and the election results, there are enough days and opportunities for the making of a revolt. Thus the farce contains the seed of another tragedy.

■ VIJAYAN KANNAMPILLY

roads to accommodate the building activity.

Hastily signed accords

Similarly, the promise to give Chandigarh to Punjab on a particular date without finding an alternative state capital for Haryana is yet another example of half-baked thinking. The latter promise only led to renewed violence. Too often hastily signed accords made excellent press but unfortunately built up expectations which were deflated and consequently damaged the image of the political process.

The beneficiaries of these ill-conceived accords were the militant wings of the secessionist movements. The nexus between the terrorist movements and the moderates has become a hallmark of Indian terrorism. More serious is the extent to which the Centre has played a role in financing and supporting terrorist o ganisations to extract political dividend The most famous example was the cove support extended by the Indian army t the Mukhti Bahini in the creation Bangladesh.

Another more recent case which ha relevance to the gruesome murder of Ra jiv Gandhi is the support originally give by the Indian government to the LTT paradoxical considering that the India

Impact on stockmarkets

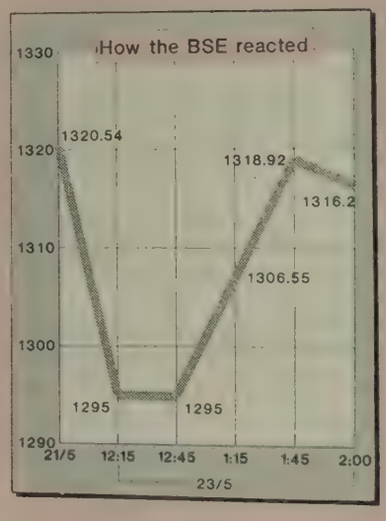
The news of Rajiv Gandhi's murder hit the stockmarkets on Tuesday night (21 May) just before 11 pm. Earlier in the day there had been a big boom in market prices all over the country during regular trading hours. This was attributed to expectations of a Congress victory after the first round of polling on 20 May. In Bombay, the most Congress-sensitive share, Reliance Industries, shot up from Rs.139 to Rs.151 while the BSE Sensitive Index rose during the day from Rs.1,284.25 to Rs.1,320.54, its sixth highest jump in the year. Although volume was moderately heavy, around Rs.100 crore, the rise followed heavy squaring up by Calcutta operators along with large purchases of Reliance Industries by a mutual fund.

Surprisingly, the expectations of a Congress victory had little to do with any firm news such as exit poll results. Until 8 pm, at least, the market was not privy to any such results. When the news of Rajiv Gandhi's murder hit the market, Reliance Industries, ACC and Tata Steel were the three shares being traded in kerb. While the first slumped from a kerb rate of Rs.153 to Rs.128, ACC fell from Rs.2,550 to Rs.2,300 and Tisco fell from Rs.195 to Rs.175, although trading at that late hour was very light.

Surprising recovery. On the next morning, when most people got to know of the murder — thanks to AIR and Doordarshan's usual arrogance towards the public's need to know — kerb activity picked up. So, surprisingly, did prices. Reliance recovered to Rs.140 while Tata Steel stood at Rs.188. ACC, meanwhile, recovered to Rs.2,400. Clearly, the "undertone", as broker Vallabh Bhansali noted, was obviously strong. There was none of the panic that marked Indira Gandhi's assassination. Another broker put it thus: "When Mrs Gandhi died, there was no one in power and no obvious successor. But Rajiv was not in power when he died and the current government has no interest — unlike last time — in perpetuating violence."

Of such cynicism is the market made. As another broker said, "Although it is all uncertain, the Congress cannot lose seats as a result of this event. Since they were likely to form the government in any case, they are even more likely to do so now. The market, in any case, gains." A more cautious view, however, was expressed by M.R. Mayya, chairman and executive director of the BSE, who noted that while he expected markets to remain stable because of the inevitability of liberalisation, the political uncertainty was not resolved yet.

The mutual funds, which have raised about Rs.2,000 crore already this year and are flush with funds, are also a stabilising force. One of them — rumoured to be Bank of India — was a big purchaser of Reliance Industries (of about 300,000 shares) on 21 May. Hemendra Kothari, president of the BSE, feels that the presence of mutual funds has been a stabilising factor after Rajiv Gandhi's death. "Even if they are not currently buying, the market expects them to be big buyers after the elections. That keeps the market up in anticipation." Kothari also views the upcoming liberalisation as being the main reason for stable markets and noted that, apart from raising daily margins on 23 May on the five major scrips (including Reliance, ACC and Tisco), there was a consensus among the BSE governing board members that the market ought to remain open.



Surprised and pleased. The appointment of Sonia Gandhi as Congress president surprised and pleased traders. It is felt that she would be true to Rajiv Gandhi's liberal policies. Thus, the markets stayed firm even without significant institutional support. The BSE Sensitive Index opened at Rs.1,295 on 23 May and closed at Rs.1,316.20 (*see chart*). Reliance closed at Rs.148, ACC at Rs.2,515 and Tata Steel at Rs.191. Thus, the market was almost back to its level of 21 May.

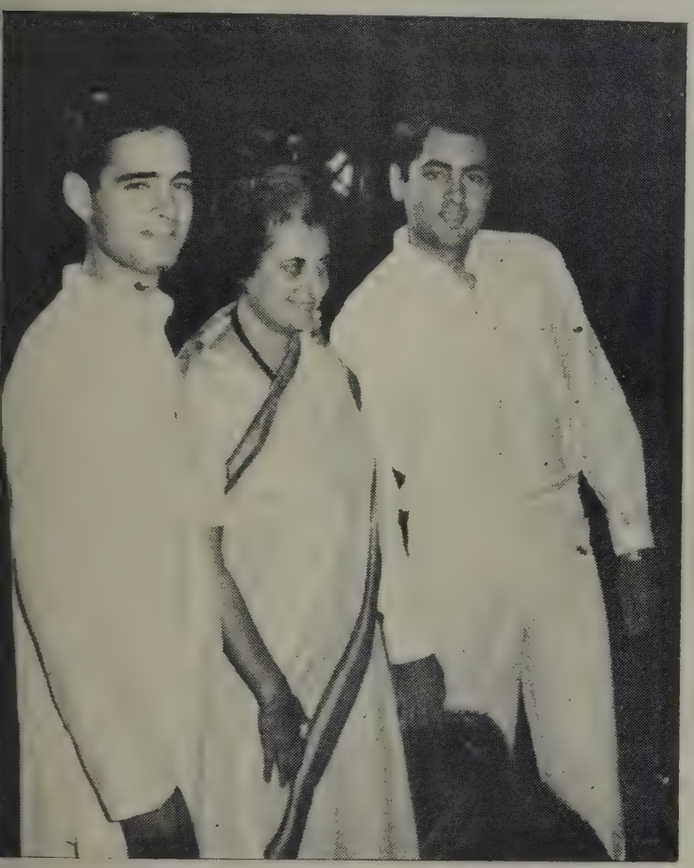
Mayya feels that while the market has no strong views on the resulting prospects of the Congress, a sympathy wave might help the Congress depending on the situation. However, according to many traders, the Congress leadership has made a clever choice. In fact, in kerb trading late on 23 May the market fell off on rumours that Sonia Gandhi had rejected the Congress nomination.

Overall, the market's stability is a favourable development. As Mayya says, "The market is the focal point of many opinions. Its stability is a good sign of the strength of our democracy. People have ceased to panic as they used to earlier." ■

RAFIQ DOSSANI

army was later required to fight the LTTE on behalf of the Sri Lankan government.

But the most enduring problem is that of communal violence, given the fact that the majority is very much the majority in policing bodies such as the PAC in UP, much criticised for the role they played in the Meerut riots in 1988. By failing to act or in looking the other way, the policing bodies positively abet communal violence. The fall-out of communal violence is to widen the chasm that exists between the majority and minority communities as the latter retreat into their ghettos and develop their own paranoid complexes which preclude proper integration.



Mother and sons: nurturing the seed of degeneration

The majority are fed the notion that the minorities are pampered at their cost. The issue most played up by the BJP for example was Rajiv Gandhi's retreat on the Shah Bano issue. It was this retreat which prompted his policy advisers to suggest that he appease majority sentiment by raking up the forty-year-old controversy over the Babri Masjid at Ayodhya and permitting the laying of the *shilanyas* at the site. In fact, it has become one of the most unattractive features of our polity that politicians for the sake of votes fish in troubled waters and seek to act as agents for communal disharmony. Whether or not such policies have actually generated votes or not is debatable. But in the process, the body politic is damaged by an enduring source of violence.

The other aspect of all political parties, save the left parties and the BJP is the absence of inner party democracy in the form of regular elections. This reluctance to extend democratic norms to their own activities has robbed them of sensitivity to changing electoral requirements and the true concerns of the people. It is perhaps the frustration engendered by this refusal to follow democratic norms that is a likely cause of extra-political activity.

Ultimately, any pragmatic centrist party requires information, views and ideas from the grassroots as to policies and performance. Such a flow of information can only occur in a democratic set-up where leaders are accountable and where they are liable to be dismissed in the event of failure. And this flow of information will make a difference only if the leaders are men of stature. Unfortunately, the Congress (I), by deliberately not holding elections for office since 1975, has created a court culture where sycophancy flourishes and decisions are made on the basis of the leaders' whim and caprice.

The early days of Rajiv's involvement in politics endeared him to the Indian public not just because of his good looks and manners and profession to be anti-political in the narrow manipulative sense. Given the background of acute cynicism the public had developed for self-seeking politicians as a breed, it struck a sympathetic chord. As a corollary of this, he preferred to surround himself with people he could relate to, people of his background.

The high point of his belief in reform occurred on the occasion of the hundredth anniversary of the founding of the Indian National Congress when he openly attacked the power brokers in the process. Yet, towards the end of his period in office, the very same people he held in contempt were his advisors, the R.K. Dhawans of this world. Why did he turn full circle? Perhaps for the very same reason his mother abandoned her kitchen cabinet of Romesh Thapar and P.N. Haksar — when the going gets tough and monies are required to be raised for funding elections the power brokers become necessary and the intellectuals dispensable. Such is the nature of politics, the tragedy being that Rajiv had insufficient imagination to seek to transform the system, and ultimately became its prisoner.

Singular achievement

Perhaps, his most singular achievement lay in the transformation he wrought in the performance of the Indian economy, particularly with the spectacular 1985 budget which set the tone for future liberalisation and was replete with new ideas on economic management. In fact, the liberalisation policy, although it may not have gone far enough, has dramatically altered the ground rules for debate on economic policy, causing Jyoti Basu's Marxist government to adopt free enterprise policies to attract industries to West Bengal.

The consequence of this has been an emerging consensus on future economic policy, all the party manifestos read almost the same on economic policy. But a smooth management of economic policy can only take place in a political context of stability.

The lesson to be learnt from this is that, in an ultimate sense, systems matter more than individuals. And that government means more than merely managing contradictions, it is a means of mobilising public opinion and a form of political education. What Rajiv Gandhi failed to do was to attract the right sort of person into politics, people of honesty with the right instincts. This was perhaps because of a latent contempt for the political process as he swung from his Doon School technocrat friends to the power-broker mafia of yesteryears. And this also provides an explanation as to why he never followed his intention to hold elections in the Congress party.

One hopes that the Congress leadership of today revives the traditions of inner party democracy in order to make the Congress party the great movement for social and political reform it once was. If the political process is to be made vibrant again the need of the hour is for all political parties to project fresh and meaningful paradigms which necessarily promise more than just the shibboleths of stability and economic growth.

■ JAVED GAYA
and NAVAL B. GHIARA

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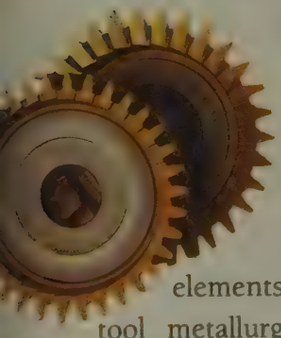
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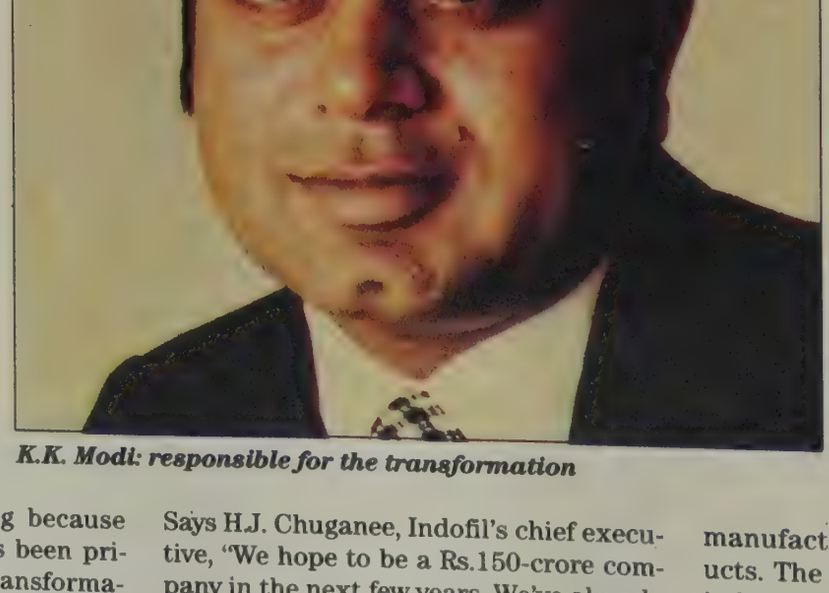
INDOFIL CHEMICALS

A metamorphosis

After the retreat of its American collaborator, this hitherto lethargic speciality chemicals manufacturer has taken a turn for the better thanks to the timely implementation of K.K. Modi's management strategies

Much of what is old is being shed, and the excitement of a new beginning is all pervasive. That,then, is the scene at the plush Bombay head office of Indofil Chemicals Co — a division of the Delhi-based fibre manufacturer, Modipon Ltd. Indofil, which makes speciality and agrochemicals, has, for 25 years, subsisted on technology provided by the US giant Rohm and Hass (R&H), its original promoter and Modipon's long-time collaborator. But on 31 March this year, the umbilical chord was cut when the US company formally divested its 38 per cent holding in Modipon.

Indofil itself will, in the next few months, break-off from Modipon to start life afresh as an independent company. In the complicated restructuring of the Modi family assets last January, the fibres division which contributed 80 per cent of Modipon's Rs.236 crore turnover in 1989-90 went to the Kedarnath Modi (the step-brother of the group founder Raibahadur Gujarmal Modi) faction of the family. Indofil which made up rest of Modipon's turnover was given to the group headed by Gujarmal's son Krishnakumar (K.K.) Modi.



K.K. Modi: responsible for the transformation

Not surprising

This was not very surprising because 1985 onwards, K.K. Modi has been primarily responsible for the transformation of the company (though a division of Modipon since 1982, it has always been run as a separate company). He claimed: "For many years, Indofil was static. Then, from 1985, we started marketing aggressively, which has paid good dividends. My objective is that Indofil should continue to offer a full package of products for a wide range of crops dealing with all kinds of problems — pesticides, herbicides, fungicides and insecticides. In the chemicals field too, the scope is enormous."

When K.K. Modi took over the reins, the more than 20-year-old company's turnover was less than Rs.10 crore. Modi's aggressive policies has, in the last five years, ensured an average growth rate of at least 8-10 per cent annually. Turnover is expected to be in the region of Rs.58 crore this year and the net profits Rs.6.5 crore. Says H.J. Chuganee, Indofil's chief executive, "We hope to be a Rs.150-crore company in the next few years. We've already made a beginning and our strategy will definitely pay dividend."

Indofil was born in 1965 when Rohm and Hass first teamed up with the Bombay-based Doshis of Amar Dyechem to set up a company to manufacture industrial and agrochemicals. The US promoter kept 60 per cent of the equity and the Indians 40. In 1971, Doshis sold their stake to the Modis who were already in collaboration with Rohm and Hass, having jointly promoted Modipon with them in 1965.

The Americans continued running Indofil till the early eighties, but did not achieve much. Says Chuganee, "Rohm and Hass's conservative policies, combined with FERA problems, allowed very little growth." Consequently, in 1982, Indofil was merged with Modipon as a wholly-owned division of the fibre company, "primarily to gain non-FERA status," says Chuganee.

While R&H was holding the reins of the company, it followed a distinctly conservative attitude in the areas of expansion and finance. While this policy helped to maintain a long-term financial stability, it also prevented growth. Even when expansion opportunities came its way, the attitude had been very cautious. "Indofil lacked the drive to explore new markets and products and hence even today, the company corners only a small market share despite being around for 26 years," says a senior official of Rallis India Ltd.

Complete change

Ever since Modi took over from R&H, there has been a complete change of scene. He gave the company a totally new, growth-oriented direction. Its senior executives are now busy talking about major expansions, new tie-ups and technical developments. "Our objective is to build up a wide range of products", says R.K Malhotra, general manager, agrochemicals. Indofil's plant at Kolshet Road, Thane, operates three shifts a day, to process nearly 6,000 tonnes of chemicals used to manufacture nearly 80 different products. The product mix includes various industrial and agrochemicals.

When established in 1965, the plant manufactured only Zineb — a fungicide — and a few vegetable oil-based plasticisers used by the PVC industries. Over the years, the list of products has increased to include fungicides formulations like Mancozeb (dithane) and Dinocap (karathane), herbicides like Propanil (Stam F-34) and acaricides like Dicofol (kelthane), in the agrochemicals

division. "Indofil is the only manufacturer of dithane in this country. This broad spectrum fungicide controls nearly 300 diseases for approximately 100 crops," says V.P. Arya of M.J. Pharmaceuticals.

In the case of industrial chemicals, the plant is now processing nearly 1,488 tonnes per annum (tpa) of acrylic emulsions used in the textile and paint industries, 500 tpa of acrylic solutions used in the petroleum industry and 1,600 tpa of synthetic tanning agents and fat liquors used in the leather industry.

The production capacity might not seem great in comparison to that of the giants like BASF, Rallis and Colour Chem, "but as the market is growing, there is room for all of us to grow without stepping on each other's toes," says K.V.R. Subramanian, managing director of Colour Chem.

"This year, our sales were over 3,000 tonnes valued at Rs.15 crore and it is growing by 7-8 per cent per year," claims Sunil Anand, general manager, industrial chemicals division. This is only half the story. Agrochemicals that constitutes nearly 66 per cent of the total turnover of the company had sales valued at Rs.35 crore, in 1989-90.

When Modi decided to give Indofil a new thrust in 1985, initially the going was not easy. "Not all products would sell, despite aggressive marketing," says Anand. Hence, the division heads set about following the 'return on net assets' (RONA) accounting policy. RONA is the ratio of profit after tax before interest to net assets employed. "If the RONA ratio is less than 13 per cent for any product, it is not acceptable to the company," says Malhotra.



Chuganee: paying strategy

Calculated risk

This system has worked very well for Indofil. According to the ratios, product categories were defined and financial and marketing thrust was given to promote the product. Many of the old products were phased out, based on RONA. "It was a calculated risk we had to take, for our products were always known for their quality. We just had to fine tune the product range," says G. Natarajan, chief manager, production.

In the last few years, the company has introduced a large number of new products. Among the more successful ones are: GOAL (a broad spectrum herbicide), BEAM (a speciality fungicide) and Opaque 621 (a speciality compound used in the formulation of water-based paints). Opaque 621 has been developed for the first time in India. "It's a very good product and can be used as a replacement for titanium dioxide, a pigment that is imported," says B. Puri, product manager of Asian Paints.



Agrochemical plant: wide range of products

The company is now negotiating with Reilly Whitman USA for technology transfer to manufacture special grade fat liquors for the leather industry. And amongst its more ambitious plans include setting up of a Rs.300-crore fertiliser company jointly with the Rajasthan government, called Rajputana Fertilisers, for which an application for LoI has already been submitted.

Modi has put together a team of senior level professionals to assist him. And the day-to-day handling of the company has since been left to them. "As we grow, we are slowly decentralising our management functions," claims O.P. Gill, general manager, personnel. Indofil now has a total strength of 370 employees including factory and marketing staff, spread over their seven regional offices. The marketing of agricultural business division alone is handled by 62 professionals. "Today, it's the responsibility of the GMs to make their divisions profit centres. Earlier we performed only perfunctory marketing functions," says Malhotra.

More research

In keeping with the demands made on quality and new products, the in-house R&D centre has been made more effective. From about 0.25 per cent of the turnover till about two years ago, the amount spent on R&D has risen to 1 per cent this year and is growing. "The knowledge that Rohm & Hass is not going to be around anymore to provide us the knowhow has given this department the much-needed impetus," says R. Gopalan, general manager, R&D. It is by the R&D efforts that the company has seen the launch of the new products in the last few years. Currently, the development facilities of the department has been strengthened with more money spent on effluent treatment, pollution control, energy conservations and safety aspects.

For K.K. Modi, whose group consists of giants like Modi Rubber, Bombay Tyres, Godfrey Phillip and Modi Xerox, Indofil is no doubt a tiny player. But from the excitement noticed at Indofil's offices and the factory, one would get a feeling that the executives do not consider their company any less important.

■ SHAMPA KAR

HARYANA PETROCHEMICALS

The limits of success

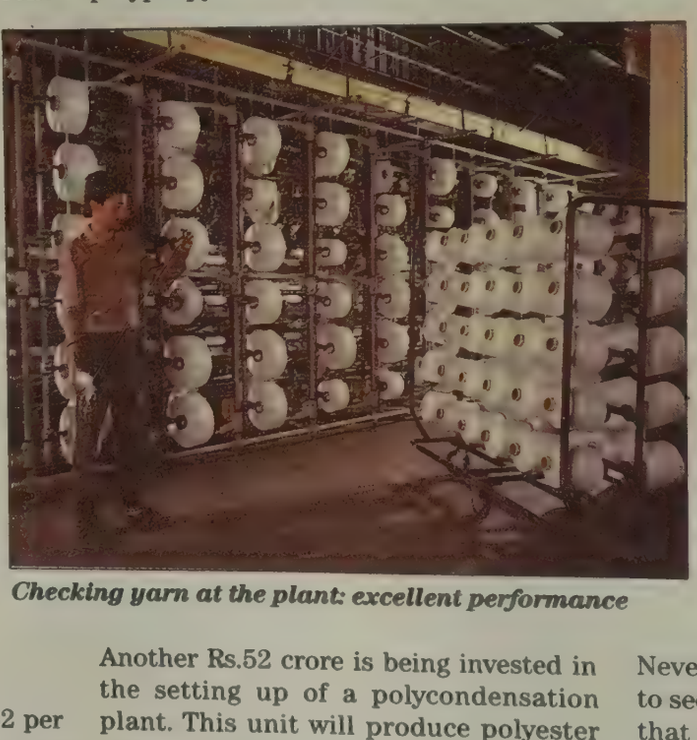
Despite the good times, the management has seen the warning signs, and plans to diversify

He was an outsider — a commander in the Indian Navy — who ventured into the then virgin field of polyester filament yarn (PFY). When R.S.Aggarwal set up Haryana Petrochemicals Ltd (HPL) in Rewari, Haryana, in 1986, his was the first Indian company to manufacture PFY in the small-scale sector. The company suffered a net loss of Rs.1.7 crore (on sales of Rs.15 crore) in its first year of operations but, according to an industry observer, that was more due to the PFY business going through a slump.

But the company achieved a turnaround in the very next year when on sales of Rs.40 crore, it posted a net profit of Rs.1.08 crore. Five years down the road, HPL's turnover has increased to Rs.100 crore and the company has posted a net profit of Rs.10 crore (year ended March 1991). The net profit margin has grown from 2.76 in 1987-88 to 10 per cent this year. HPL posted excellent results for April 1989-March 1990 (the last year for which detailed results are available). While turnover increased by 67 per cent to Rs.62.59 crore, net profit zoomed by 300 per cent to reach Rs.5.48 crore. Admits R.K.Misra, general manager (marketing), Parasrampuria Sythetics, "Haryana Petrochemicals is a very good company with a dynamic management."

dividend of 20 per cent in 1990, up from 10 per cent the previous year. Over the same period, its earnings per share (EPS) had increased from Rs.1.73 to Rs.6.92.

HPL was started with a 3,000-tpa plant set up at a cost of Rs.12.5 crore. In 1988-89, the capacity was expanded to 7,000 tpa by pumping in Rs.17 crore and the next year, to 9,500 tpa after an investment of Rs.13 crore. The latest expansion, planned for this June and expected to cost Rs.17 crore, will propel the capacity to 12,000 tpa. In addition, this expansion will also see the setting up of a 500-tpa polypropylene filament yarn unit.



Checking yarn at the plant: excellent performance

Shareholders' confidence

Aggarwal and his associates hold 32 per cent of the Rs.12-crore equity (eight per cent is with the financial institutions and the remaining 60 per cent with the public). The confidence of the 24,100 HPL shareholders has been reflected in the price movement of its scrip (Rs.10 paid up) over the years. The share price, which hovered around Rs.12 till April 1988, reached Rs.22 a year later. In April 1990, the HPL scrip traded at around Rs.30, but on 17 May it was being quoted at Rs.56. According to a prominent Bombay stockbroker, the HPL scrip is undervalued at this price. The company had declared a

Another Rs.52 crore is being invested in the setting up of a polycondensation plant. This unit will produce polyester chips for captive consumption. Over the last year, HPL progressively moved away from ordinary to speciality yarns. There is lesser competition in speciality yarns like textured and bright trilobal yarns. Users of such yarns are also in a position to achieve a higher value addition.

Customer concern

According to Navin Gupta, general manager (finance), one of the main reasons for the success of the company is the fact that it has always paid extra attention to its customers. Says he, "We are a customer-oriented company. We don't stop making a particular kind of yarn used regularly by a customer just to make a couple of extra bucks in other more profitable yarns."

Gupta adds that HPL's periodic capacity expansions did not affect sales because, simultaneously, the customers too were expanding their texturising capacities. But the going may not be all that smooth in the future. One grey area which could affect HPL's profit margins in the long run are its high raw materials' costs (about 40 per cent of total sales). Another big problem is that the recent boom in the spinning industry has attracted more players into the PFY arena. Besides, Century Enka, Reliance Industries and Parasrampuria are in the process of expanding capacities. These additional capacities, totalling 95,000 tpa, will increase the country's installed PFY capacity to 260,000 tpa. But according to a study conducted by a committee set up by leading financial institutions, the domestic market will have a demand for a volume of this order only by 1994. This has given rise to fears of both a fall in average capacity utilisation and a glut in the industry.

Misra is of the view that the synthetics yarn industry will have to export from next year to maintain its growth rate. Aggarwal agrees that the increased capacity in the PFY sector may lead to a glut by the end of the year. But is quick to add, "This situation (the glut) may prevail for about six months and then the industry will get rationalised." As far as HPL is concerned, Aggarwal is confident of seeing the glut through with the help of his regular customers. Nevertheless, Aggarwal is savvy enough to see the writing on the wall. Fully aware that the PFY industry is no longer on the upswing, Aggarwal has made up his mind to stop expanding HPL's spinning capacity beyond 15,000 TPA.

Instead, he plans to diversify into speciality chemicals for the paint industry. But not in Haryana. Aggarwal is disillusioned with his home state because of its political instability. Instead, the trend-setting entrepreneur has started talking with the State Industrial Corporation of Maharashtra (SICOM) for setting up a project in the joint sector. Will Haryana's loss be Maharashtra's gain? ■

FEROZ AHMED

ANDREW YULE

Nothing succeeds like excellence

A revitalised management has helped turn around this century-old public sector unit into a huge success, making it a prime candidate for privatisation. The group now has a Rs.100-crore modernisation and expansion plan in the works and several hi-tech ideas to diversify into

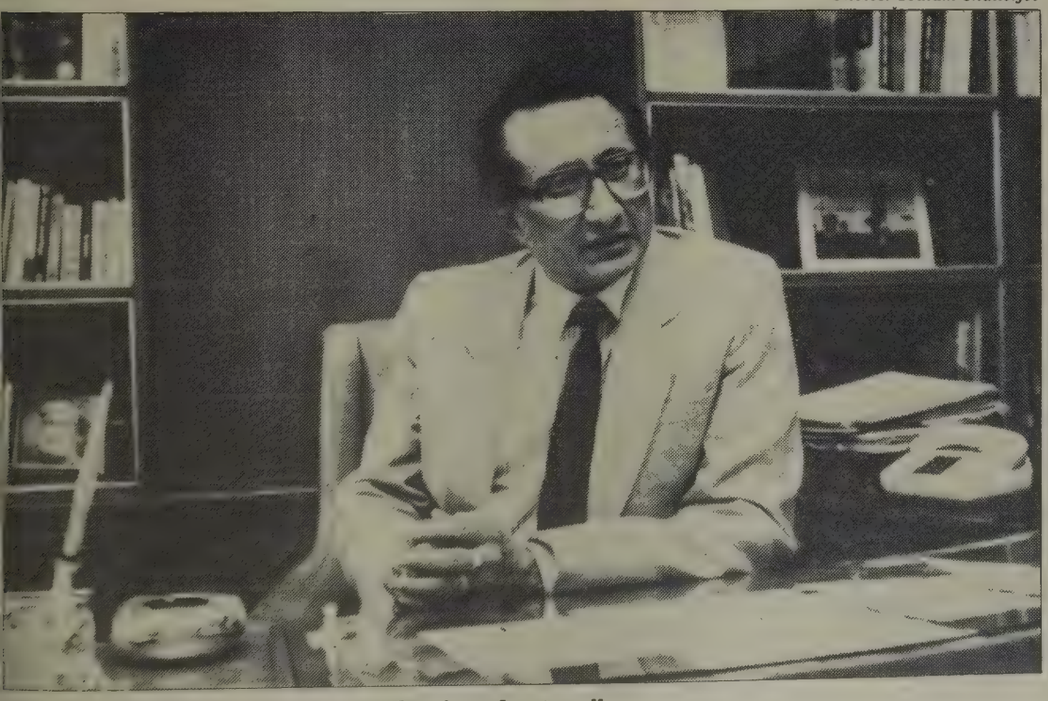
If profitability were to be the main criterion in the selection of a public sector unit for privatisation, the government-owned Andrew Yule & Co Ltd, the Calcutta-based engineering enterprise (1990 turnover Rs.161 crore, operating profit Rs.27 crore) would automatically qualify. Jayanta Ray, the company's new chairman and managing director, agrees: "Whether Andrew Yule will be privatised or not is for the government of India to decide. But yes, our company would certainly be an excellent choice."

Andrew Yule typifies the turnaround experience of several sick public sector companies. These turnarounds have been accomplished without significant lay-offs and divestitures, because the primary reason for the companies' sickness had been management failure. So, once a strong chief executive was put in charge, there were dramatic resurgences. For example, once a new CEO took over at the sluggish Damodar Valley Corporation in the late seventies, it reached one of the highest plant load factors in India. Richardson and Cruddas Ltd, a persistent loss-maker, broke even two years after a new chief executive took over.

Similar experience

The experience of companies like SPIC, Jaipur Metals, Travancore-Cochin Chemicals and Indo-Nippon Precision Bearings has been similar. At BHEL and SAIL, managerial and organisational changes were primarily responsible for smart increases in turnover and profitability.

Photos: Goutam Chatterjee



Ray: "ours is a thoroughly professional set-up"

K.S.B. Sanyal, who was chairman of Andrew Yule from 1983 to 1990, played a major role in the change in the company's fortunes. He dispensed with the old managerial control system that had encouraged managers to concentrate power and decision-making and carve out personal fiefs. He delegated authority and held managers accountable for their operations. "My humble contribution was to introduce the profit-centre concept," he says. That contribution has seen the company's operating profits (before interest, depreciation and tax) soar from Rs.15.51 crore in 1983-84 to Rs.27.01 crore in 1989-90. And the company is now poised for modernisation and growth.

One good reason for privatising Andrew Yule would be that it would mobilise funds for the company's Rs.100 crore modernisation and expansion plan. Though already cleared by the government, the company's investment proposals fall under the allocations of the Eighth Five Year Plan which is now in limbo. Even after the elections, if the government that then comes to power decides not to expand its equity base further, the public holding in the company will have to be increased. Says Ray, "The government holds 73 per cent of the equity in the name of the president, public financial institutions hold 15 per cent and only 12 per cent is held by the public. So greater public participation is probably as desirable as it is necessary."

Expectedly, none of the top managers really want to give out details of this Rs.100 crore modernisation and expansion plan at this time. All that Ray is willing to say is "all our ventures are in the hi-tech area." But corporate analysts feel that one of the proposed greenfield projects will be for the manufacture of hydraulic and pneumatic seals in technical collaboration with Hanger International GmbH of West Germany.

Thinking ahead

Hi-tech ventures, however, make good sense in view of changing market conditions and Andrew Yule's mode of functioning in recent years. "Andrew Yule always think ahead of time. So we continuously make additions and alterations to our product range," says J.K. Chatterjee, director (planning). "We decided to withdraw from jute — one of our oldest business interests — much before the industry slumped. Similarly, we withdrew from coal and insurance just before they were nationalised."

The new lines that Andrew Yule has developed anticipated changing market situations. They include conveyer belting, steel cord conveyor belting, capacitators and vacuum circuit breakers. The most recent products, however, are computers (manufactured at its plant at Kalyani, West Bengal), microwave radios and other telecommunication equipment. A special type of synthetic lubricant, made

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Team (per person, three or more attendees)	Rs. 4,300	Non-Residential
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For nomination and further information please contact : **Dr Madhukar Shukla;** Co-ordinator,
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by Tide Water, one of the companies in the Andrew Yule group, is also amongst these.

Steel cord conveyor belting had been imported for the past 20 years when the Andrew Yule management first thought of manufacturing it domestically in 1986. "The idea," says Chatterjee, "was to capture the emerging market for steel cord belting in the country. And as belting was one of the company's main lines of business, the extension to steel cord belting was not difficult."

The initial project cost was fixed at Rs.19 crore. But the 36 months that elapsed between the conception and the inauguration of the plant at Kalyani, in February 1989, pushed the cost up to Rs.41 crore. Remarkably, the entire Rs.41 crore was generated internally. "No budgetary support from the Centre was sought even though there was a cost overrun," says Sujit Chakravorty, the company's finance director.

Competing with Dunlop

Many experts wonder what returns Yule expects from this investment. Especially because it must now compete with a multinational like Dunlop India in a slow-growth market. Dunlop opened its steel cord belt plant just three to four months before Andrew Yule and makes an identical product. The handful of customers for steel cord belting in the country — Neyveli Lignite (the main buyer), the Vizag Port Trust and Coates India Ltd — try to distribute their orders equally between the two producers. And both companies have the same technical collaborator — BTR Belting, UK — as well as the same supplier of rubber — Becard of Belgium.

Sujit Chakravarty, the finance director, however, makes the company's point of view clear: "Our total capacity for Yule cord — the trade name for our steel cord belts — is 2,000 tonnes per annum. And that perfectly matches our projections. We plan to make the full use of our capacity only in the fourth year of running." (The belting division posted a Rs.60 crore turnover in 1989-90; meeting the sales target exactly.)

The other important engineering unit is the Togami unit at Thakurpukur, Calcutta. This forms a part of the company's electrical division. This unit, set up in 1983, in technical collaboration with Togami Electric Manufacturing Co Ltd of Japan, makes high tensile products, capacitators and other electrical goods. Initially, it had some problems mainly because of the appreciation of the yen. But extensive indigenisation of the production process has now largely insulated the unit from this. In 1988-89, its turnover was over Rs.7 crore, a 67 per cent increase over turnover in 1987-88. The 1989-90 figures are not available yet, but Chakravarty points out that there are no fresh problems there.

Andrew Yule has technical collaboration with Togami for another important product of the electricals division — the vacuum circuit breakers which it manufactures at its Mayarbhanj plant. Vacuum circuit breakers are mainly used in power stations. So, the performance of this plant depends largely on the buying decisions of state electricity boards and other power generating houses in the public and private sectors.

Management system reorganised

The transformer and switchgear unit in Madras, and the Brentford unit at Kalyani are the two other units in the electrical division. Both were sick when Andrew Yule took them over. Recalls Sanyal, "The challenge was to make them assimilate our work culture." So he reorganised the management systems in both companies and invested over Rs.3 crore in their turnaround.

Now, five to six years later, both units have improved their performance. In 1988-89, the transformer and switchgear unit posted a 57 per cent increase in turnover over that in 1987-88. The Brentford unit did even better. Turnover grew by 124 per cent in the same period. This was possible because of several factors. First, the company changed the product mix of the transformer unit. Second, it took various other measures, along with changes in the product mix, to make Brentford a viable operation.

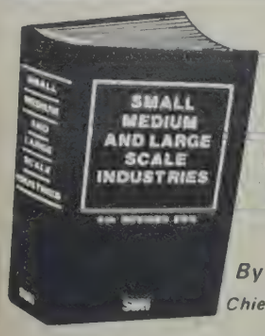


Steel cord belt unit, Kalyani: "capturing an emerging market"

In its present form, Andrew Yule is more of an engineering company than anything else. But changing circumstances have made tea, one of its oldest lines of business, increasingly important. Some corporate analysts, in fact, prefer to call Andrew Yule an engineering and tea company.

Andrew Yule's tea division is made up of 12 tea gardens which produce 10 million kgs every year. Tea sales, during 1989-90, amounted to Rs.40 crore. "These sales are a result of the boom in prices of tea," says a manager at the tea division. This is borne out by the facts. With much the same production of tea, the tea division's average turnover had earlier varied between Rs.24 to 26 crore. But better price real-

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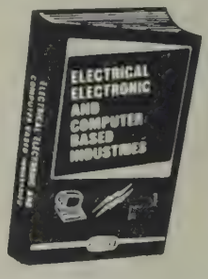
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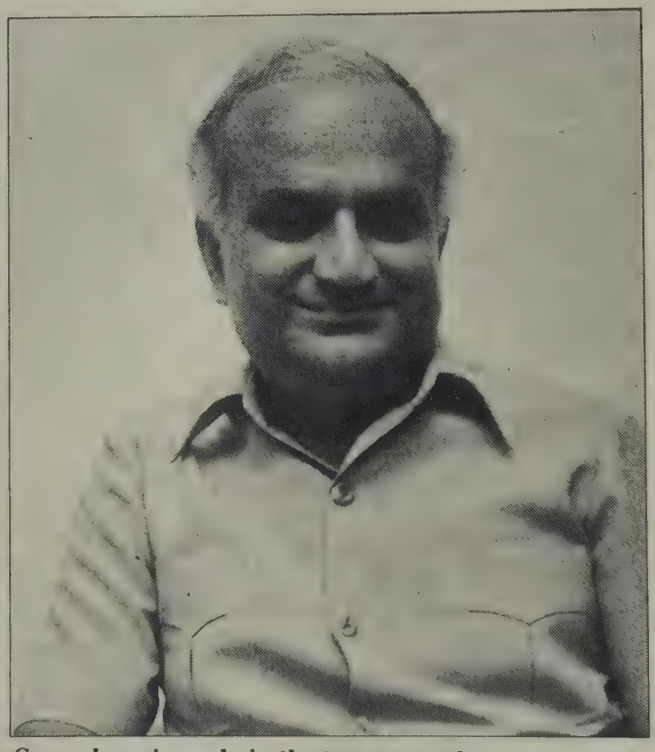
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isation has changed that now.

Under government regulations, 95 per cent of the Yule tea is sold at tea auctions held in India; the balance, sold in packet form, is regularly bought by hotels of the Indian Tourism Development Corporation, Indian Airlines and Air India.

The Hoolangori tea company, the oldest in the group, participated in the first ever tea auction held in 1881 in Calcutta. Other tea companies in the group too are more or less of the same age. According to Chakravarty, most of Andrew Yule's tea gardens are over a century old. And that is why, over the last decade, while the group's turnover went up steadily, the growth in tea production was minimal: from 9 million tonnes in 1979-80 to 10 million tonnes in 1989-90. "Our gardens are so old we can only grow tea from seeds. Clonal plantation — the widely practised technique for higher yield — is not possible for us," says Chakravarty.



Sanyal: major role in the turnaround

Story of success

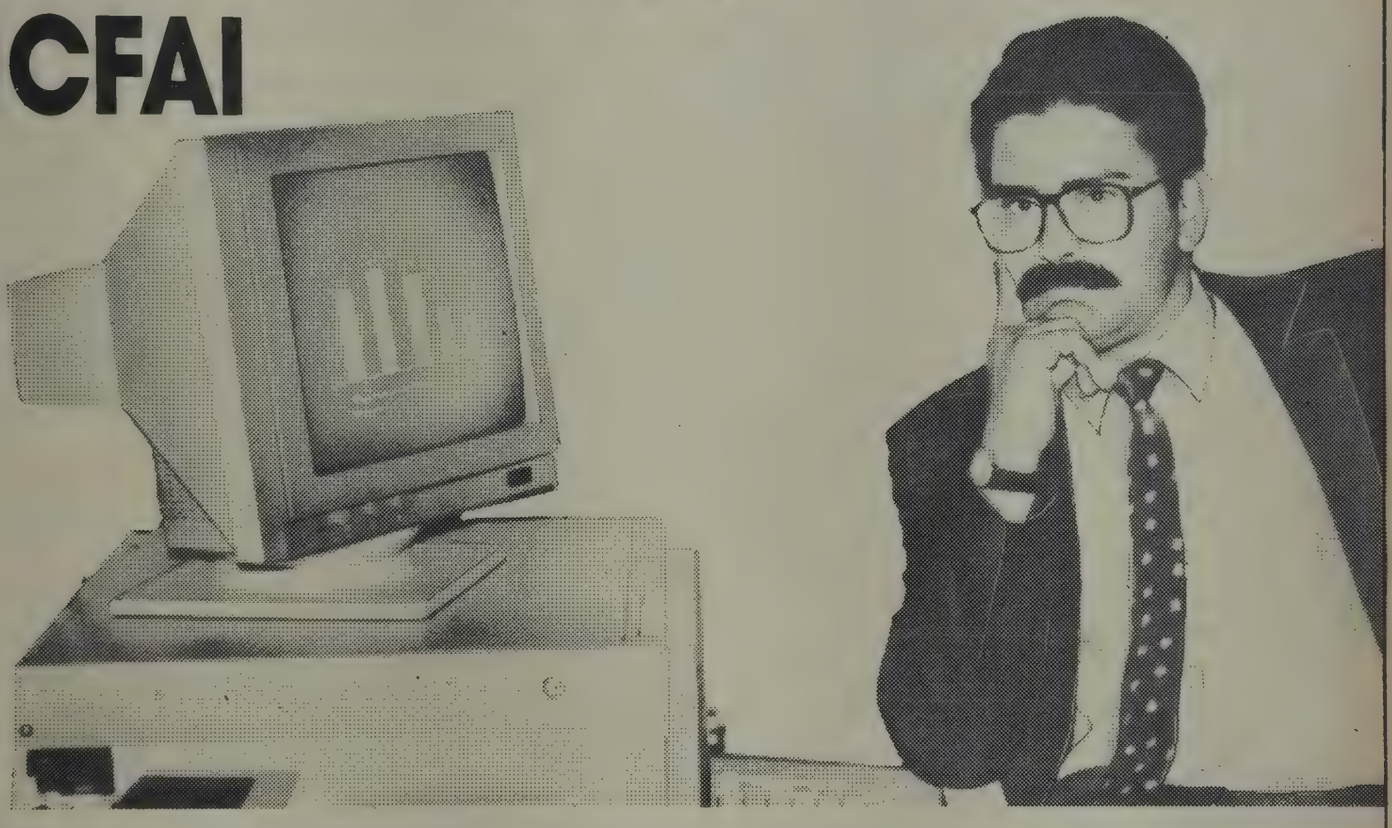
For the past decade, the story of Andrew Yule has basically been the story of success. Compared to a meagre turnover of Rs.20.80 crore in 1979 — the year in which Andrew Yule became a government of India enterprise — sales in 1989-90 were about 8 times higher, at Rs.161.35 crore. And for the year 1990-91, turnover is estimated to have crossed Rs.185 crore. This means sales have grown at an average rate of 75 per cent per year. Profitability too has kept pace. From a profit before tax of Rs.2.04 crore in 1979, the company expects to net a profit before tax in 1990-91 of over Rs.12 crore.

Costs too have been controlled significantly in the past decade. Though raw material costs as a percentage of turnover have shot up from 29 per cent in 1981 to 40 per cent in 1990, employee costs have declined from 26 per cent to 16 per cent in the same period, as have other expenses (which include power and fuel) from 26 per cent to 21 per cent.

For the whole of the Andrew Yule group too — taking Tide Water Oil Co and Dishergarh Power Co into account — the growth during this period has been remarkable. While the group's turnover has increased at an annual average rate of 60 per cent, profit before tax has grown by 45 per cent. In 1989-90 turnover was Rs.246 crore, a 29 per cent increase over the Rs.190 crore turnover in 1988-89. The increase in operating profit has also been impressive — from Rs.19 crore in 1988-89 to Rs.36 crore in 1989-90 — though the increase in the profit after interest and depreciation (but before tax) has been less so at Rs.17 crore in 1989-90 compared to the Rs.11 crore posted last year. The results are expected to improve in 1990-91.

Andrew Yule's success has attracted divergent comments. Criticism, at varied levels, has been, in fact, quite regular. In 1986, to cite one instance, an opposition member in the Lok Sabha made specific allegations that the company had inflated its balance sheet by Rs.3 crore that year. In the same year, one of its statutory auditors, governed by the Comptroller & Auditor General, made some objections about its accounting policies. Around the same time, enforcement officials raided Yule House to look into allegations regarding the company's alleged FERA violations. (All that the raiding party found were half-a-dozen unreconciled GR-1 forms pertaining to a shipment of tea in 1981, which had been damaged and for which insurance claims had been lodged. And the director of commercial audit, after investigation, found the auditor s objections to be baseless.)

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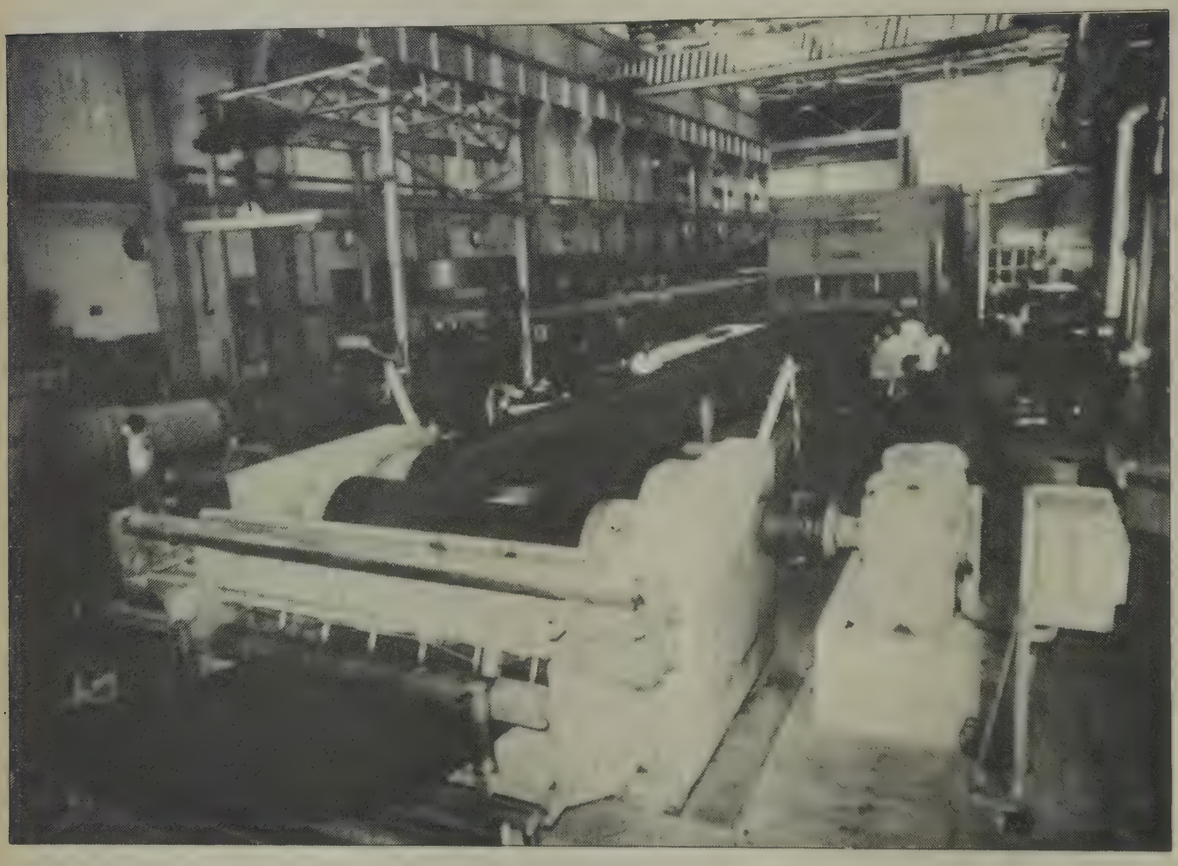
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At a time when the tea industry is really booming, critics of Andrew Yule are even more ready to discount its success. "Andrew Yule is primarily an engineering company but it is doing badly in the engineering business. The company is in the black only because its tea business is booming," says one. Another critic argues that the company's consolidated turnover in fact does not give a true picture of its performance: "Once the tea boom goes bust, the company will be in the red." Many of the critics, in fact, feel that Andrew Yule's income from tea is even higher than what it chooses to declare.



Most of the company's diversifications will be in hi-tech areas

Responding to the criticism, senior executives in Andrew Yule admit that the boom in tea has had a large impact, as turnover from tea has gone up by Rs.15 crore on much the same tea production. Also profit from the tea division in 1989-90, at about Rs.15 crore, contributed half of the group's total net profit of Rs.30 crore in that year.

So, what does the management have to say about the engineering division? "Yes, we admit that some of our engineering units are in trouble," says Chakravarty. The engineering division is in poor shape because of many reasons. First, the market for its products is oversaturated. Second, the company faces "unfair" competition from many small units in the unorganised sector. And third, or so the management claims, most of the drawings and designs that the engineering division uses have been stolen. As a result, its products have absolutely no edge over those of its small scale competitors.

The tea machinery division is also in trouble. Clearly, the decision to get into that area was itself a faulty one. The market for tea machinery is seasonal. Demand picks up only in four months of the year — December to March. But a company like Andrew Yule does not operate with casual workers. So the company must pay full wages to workers even when there is no income from the unit for eight months in the year!

Poor performance

Another problem area for the company's engineering activities is its air pollution control division in Kalyani set up in 1980 with technical collaboration from Peabody Sturtevent of UK. According to company sources, the turnover from this division was only about Rs.10 crore in 1989-90 — much below expectations. Its main problem, says Chakravarty, is the unstable pollution control policy of the Central government. "But now, with the government's renewed thrust on pollution control, we can expect a faster growth for this plant," says Chakravarty.

In recent times, there has been some speculation in the Andrew Yule share. Around April 1989, rumours that Ramaprasad Goenka was buying into it, pushed the share price to Rs.39 from the usual Rs.22-23. Again, in early May this year, the share price went up to Rs.75 from the prevailing Rs.50 to.55, based on the speculation that Andrew Yule would pay good dividends in line with those declared by most tea companies that are now flush with cash. (At present the Rs.10 Andrew Yule share is quoting at Rs.44-46 in the Calcutta Stock Exchange.) For a government-owned company with only 12 per cent floating stock, this is one indicator of having arrived.

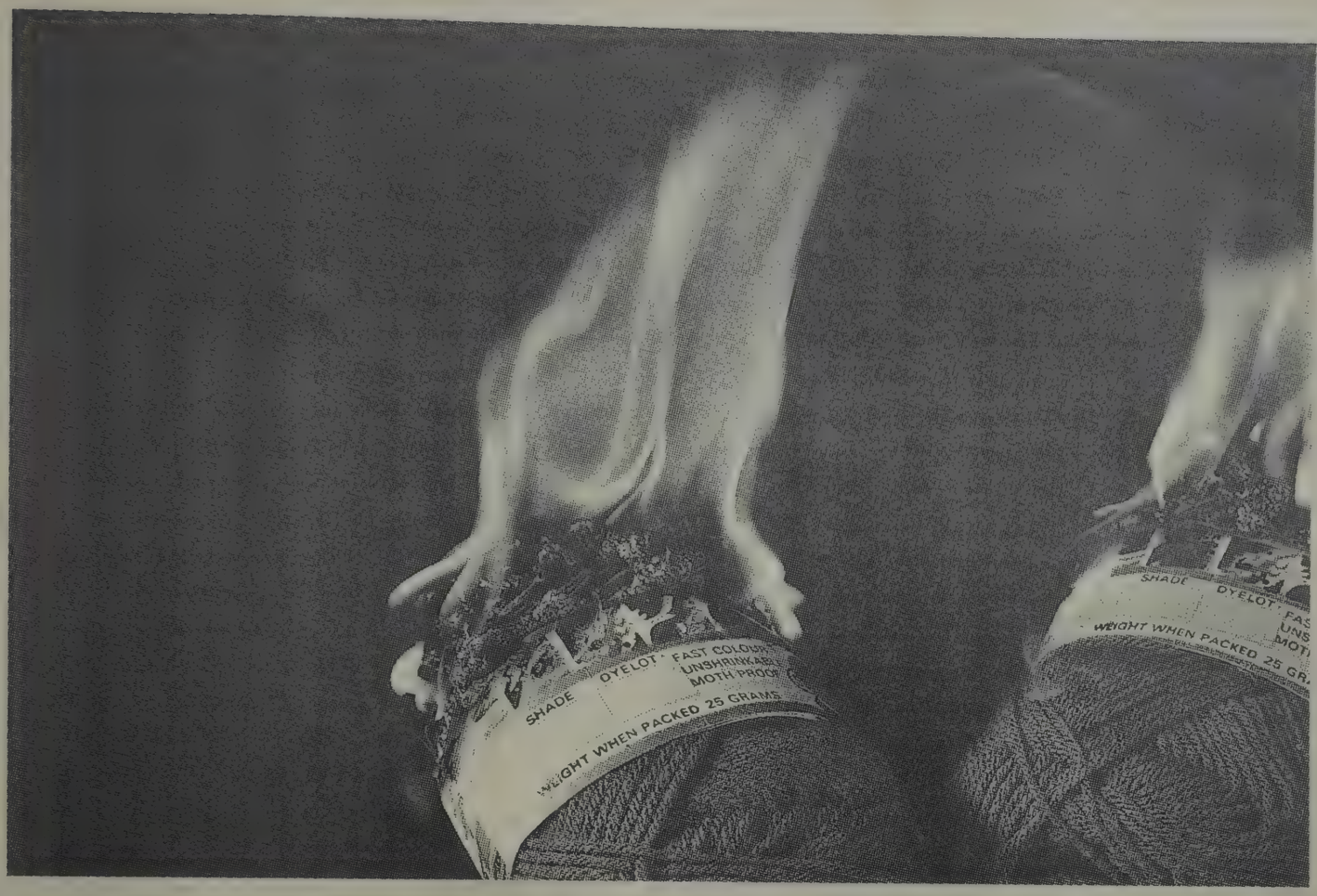
Will Andrew Yule be privatised then? This will remain an open question for at least the next few months. But as chairman Ray points out, the management couldn't care less. "Ours is a thoroughly professional set-up. Experts manage their own areas of operation. So, any change in the shareholding pattern will not affect performance."

The company's performance bears out Ray's claim. The pre-tax return on gross fixed assets has risen to around 11.5 per cent (post-tax return 4 per cent) and the gross margin is at an all-time high of around 11 per cent. Given the fact that the gross block has doubled in the past two years (from Rs.44.34 crore in 1987-88 to Rs.83.96 crore in 1988-89), and that the asset turnover ratio is only around two, the company will do much better as capacities added on in the past two to three years increasingly become fully functional.

The 100-year-old house of Andrew Yule, a relict of the Indo-British industrial adventure, has done well after nationalisation. It is poised to do even better in future. Whether it stays in the public sector or enters the private sector, its performance so far has made sure that it will always belong to the excellent sector.

■

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TAC

Merger of convenience

SPIC's takeover of this fertiliser company is expected to help both companies

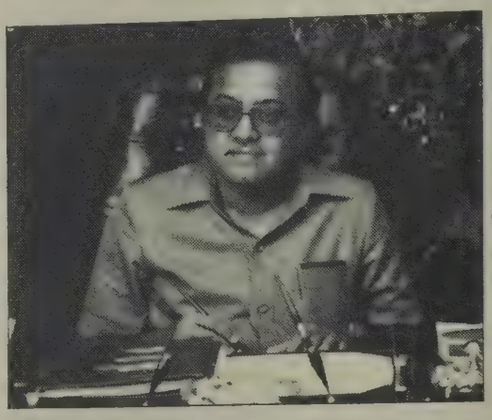
A.C. Muthiah's problem days seem to be over, at least for now. Last fortnight, through SPIC, his Madras-based Rs.800 crore fertiliser giant, he gained management control of Tuticorin Alkali Chemicals & Fertilisers (TAC). For all practical purposes, TAC will be a wholly-owned subsidiary of SPIC. This is a long overdue takeover having been stymied for years for various reasons, mainly political. TAC, which manufactures ammonium chloride fertilisers and soda ash, was set up in 1971 and never made a profit except for a brief spell between 1986-89. With SPIC in control, TAC's fortunes are expected to take a turn for the better.

The authorised share capital of TAC is Rs.19 crore of which SPIC held 5 per cent, the Tamilnadu Industrial Development Corporation (TIDCO) 46 per cent and the general public the rest. SPIC has now acquired TIDCO's 46 per cent at a price of Rs.20 per share. An amount of Rs.1 crore has already been paid towards the total cost of Rs.12 crore. The balance is payable in annual instalments in five years with the outstanding amount carrying 14 per cent interest.

After the agreement, the board of directors of TAC has now been reconstituted. A nominee of TIDCO will continue to be chairman till the full payment is made. A.C. Muthiah (vice-chairman and president of SPIC) will be vice-chairman. The managing director of the company, an IAS officer appointed by the state government, has relinquished his post and M. Jayashankar, senior executive director, technical, has taken over as chief executive.

TAC was a part of the industrial development plans of Tuticorin, a coastal city in Tamil Nadu. The plants of SPIC, TAC and the heavy water project of the Department of Atomic Energy were all conceived to be interdependent on each other. TAC was supposed to have been a part of SPIC, which had a lot of teething troubles in its earlier days in the seventies and could not go ahead with the Rs.54-crore project. The state government stepped in and TIDCO promoted the project, with SPIC remaining a junior partner.

There was an understanding between the state government and SPIC that when SPIC saw better times, it would be allowed to increase its shareholding to 25 per cent. In 1985 when SPIC did stage a spectacular turnaround, and TIDCO was willing to transfer the shares at a negotiated price, the then chief minister M.G. Ramachandran would not take a decision. After his death in December 1987, when Tamil Nadu came under President's rule, it was expected that the deal would go through. It didn't.



Muthiah: problem days over

The much-discussed falling out between Muthiah and the state government effectively prevented any step towards a share transfer in favour of SPIC. In fact, Muthiah, who had been the chairman of TAC since its inception, stepped down in 1990.

TAC's problems have centred around ammonium chloride — the union government would not include it in the retention price scheme. It was finally brought under the subsidy scheme in April 1985, and as a result, the company received Rs.24 crore as subsidy up to the end of 1987. TAC was able to wipe out most of the backlog on its interest payment and make a net profit of Rs.4 crore, on a turnover of Rs.39 crore. The net profit was used to reduce the debit balance of Rs.6.7 crore. It was hoped that the losses would be wiped out by 1988.

However, events turned out differently. Till 1988-89 the company could show only a marginal profit. "The year 1989-90 was one of our worst years," says Jayashankar. "The plant had to be shut down for four months because of non-availability of imported ammonia. 1990-91 was also bad, with a shortage of ammonia."

To make matters worse, the government also changed its retention price policy for ammonium chloride, which reduced the retention price drastically. The new retention price, which was announced in March 1990, was made retroactive from 1988. The company, therefore, has to make a refund of Rs.3.83 crore for the year 1990-91. For the twelve months ended March 1990, the turnover was Rs.38.60 crore, and the residual loss Rs.1.46 crore. The accumulated losses are around Rs.3 crore. The accounts for 1990-91 have not been finalised, but they are not expected to be much better.

Once TAC's operations are integrated with SPIC, many improvements are possible. The two plants are adjacent to each other in Tuticorin and have many common facilities. Carbon dioxide, a raw material required by TAC, is supplied by SPIC.

SPIC produces ammonia in-house for its urea and DAP (di-ammonium phosphate) fertilisers. At a pinch SPIC can rationalise its operations to supply TAC with ammonia whenever there is a shortage.

SPIC will soon be implementing its modernisation programme. Among the other things planned are, building up adequate storage facilities for handling imported ammonia and upgrading the production of ammonia with foreign technology. This will come in handy for TAC as well. SPIC is also aiming at putting up a new 600-tonne ammonia plant which can also be utilised by TAC and the heavy water plant.

As both SPIC and TAC sources point out, there are other areas of commonality as well. SPIC has diversified into the manufacture of caustic soda. Soda ash produced by TAC, liquid alkyl benzine LAB produced by another SPIC promoted company Tamilnadu Petro Products, and caustic soda are all required by detergent manufacturers. Both caustic soda and soda ash are salt based. "We can go into salt manufacture and maybe marine chemicals," says Jayashankar.

Now that SPIC will be taking an active interest, TAC will have a much stronger lobby at the Centre to make representations regarding changes in the retention price. If there is no more political interference, the SPIC takeover of TAC may be the best thing that has happened to the company in recent times. ■

SUSHILA RAVINDRANATH

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INDO-FLOGATES

A successful venture

This obscure enterprise of the Bajorias — making slide gates for steel plants — is paying dividends. And now, it is setting up a new unit to make heat efficient refractories

For generations, the Bajorias of Calcutta have been making money in jute and tea. Ten years ago, they bought into Marshalls of Madras who manufacture cranes and road-building equipment, and followed it up with a controlling stake in the automotive battery manufacturer, Willard India. And six years ago, rather quietly, they also got into a business that is obscure and unknown even now as it was then — manufacturing sliding gates that control the flow of molten metal in steel plant ladles. And Indo-Flogates, the Calcutta-based company the Bajorias set up with a Rs.20 lakh share capital in collaboration with Flogates Ltd of Sheffield, UK has proved to be a winner. On a turnover of Rs.21 crore last year, it earned a gross profit of Rs.2.6 crore.

Bajorias control 65 per cent of Indo-Flogates' equity, while the Hinckley family-owned Flogates Ltd, the remaining 35 per cent. Neither of the families has any plan to take the company public. Says managing director Shishir Kumar Bajoria, "It has been a policy of the Hinckleys not to depend on even bank financing. We are also committed to keeping this company closely held and it will not even depend on bank financing."

Indo-Flogates manufactures the Flocon slide gate system, a state-of-the-art tap for molten steel developed by USX (formerly US Steel) and patented worldwide by their subsidiary United Engineers and Consultants. The new slide gates which are more efficient and safer for the teeming of molten steel has begun to dominate the market worldwide and Indo-Flogates is the Indian licensee.

The Indo-Flogates product has been installed in 163 of the approximately 216 ladles in the steel industry (excluding Tata Steel). But the sale of the actual slide gates accounts for barely Rs.2.5 crore annually for Indo-Flogates while the rest of the turnover is made up from the sale of consumable refractories that are used on the gates. The hydraulically-operated slide mechanism is a one time buy, but the Alumina graphite refractories have to be replaced after two or three uses. The company manufactures the components at its plant in Kalinga near Rourkela in Orissa while the alumina is imported.





Refractory material being pressed into shape;* (inset) *Shishir Bajoria

The company was originally set up in 1978 as an agent of Flogates UK, to sell slide gate mechanisms and consumables, and began manufacturing its own products in 1984. It today offers slide mechanisms for ladles ranging from 25-300 tonnes and has managed to garner about 80 per cent of the integrated steel plant market. It is now moving into in the mini-steel plant sector.

The main competitor of the company is in a rival slide gate system developed by Inter-Stop of Switzerland which is represented in India by the Bombay-based company Konin Koncast India. The Tatas produce their own slide gates and refractories through their subsidiary Tata Refractories, but cannot market them outside because of a patent problem. Says S.K. Mishra, general manager — marketing, of Tata Refractories, "Indo-Flogates has been a successful venture because a large number of its senior executives were formally with Tata Refractories."

Indo-Flogates is also in the process of setting up a new company called IFGL Refractories which will become operational by late 1992. With an investment of around Rs.15 crore, this company will tie up with Harima Ceramics, a subsidiary of Nippon Steel in Japan, and manufacture new generational heat-efficient refractories. An ICICI loan for the project has already been obtained. Indo-Flogates has also been negotiating the sales of its system to the Soviet Union. Two steel plants with a capacity almost double that of Indian production have been earmarked for the conversion to the Indo-Flogates system.

The Bajorias came into the steel business after evaluating projects in plastics, educational toys and food processing. "Steel is a commodity that has a stable demand. We serve the steel industry and our future seems fairly secure," says Bajoria. "Our management style has also undergone a change. We do not need a daily *parta* since the market is not volatile. Here we believe in encouraging professionalism and a long-term commitment towards our customers," he says.

The chief executive of Flogates Ltd UK, A. Thrower says that his company has a policy of developing local entrepreneurs. "We begin business through them in a small way and reinvest the profits in setting up manufacturing facilities. As a group, we do not believe in using other's money to do business but our group nevertheless has a turnover of 20 million pounds (Rs.72 crore) and about 60 per cent of the British steel market." He claims that his dealings in India had been fruitful with the investments paying off in terms of a high market share. "We gradually end up being a technology rather than manufacturing company with the actual manufacturing being done by companies like Indo-Flogates," he says.

■ SUDIPT DUTTA



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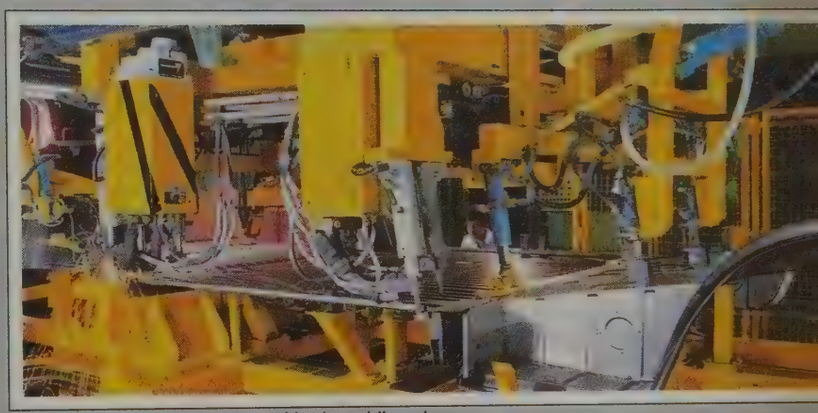
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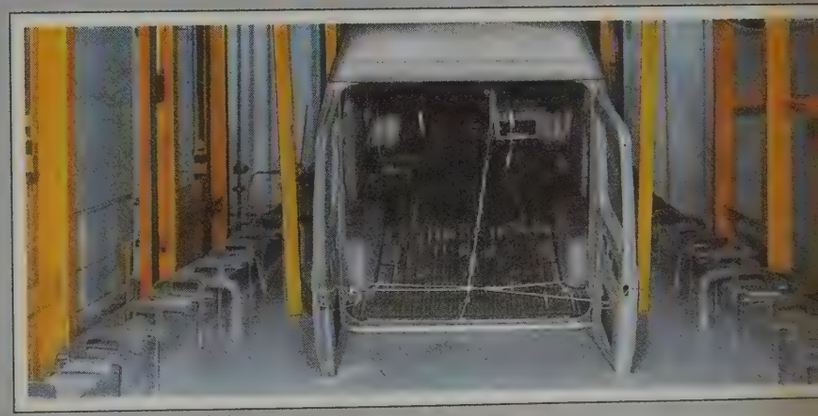
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STAR STATUS HOUSES

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When four companies were recently honoured with "star status" by the commerce ministry, they became the envy of their peers in the exports business. The lucky four: Tata Exports, Allanasons, Britannia and Ganapati Exports. A new concept formulated in the 1990-93 export-import (exim) policy, the main objective of awarding star status is to enable the best exporters further augment their international business and strengthen their global marketing capability.

In order to obtain star status, the export firm should have an average annual net foreign exchange earning (NFE) of not less than Rs.75 crore in the preceding three years. The exports should be spread over a minimum of two export product groups and the NFE from a single product group should not exceed 75 per cent of the NFE prescribed for recognition.

Deserving status

"We worked hard and deserved the star status," says a Tata official. With total exports of Rs.276.05 crore in 1990-91, they are the leading exporters in India. Engineering products and projects formed over 60 per cent of their exports to 70 countries including some in the developed world. Tata Exports are the most prominent exporters of leather and leather products which forms around 25 per cent of their portfolio. The remaining constituted agro-based products, chemicals, pharmaceuticals, textiles and garments.

At the other end of the spectrum is Ganapati Exports, a little-known Calcutta-based company with a Rs.150-crore turnover and a NFE of Rs.80 crore in 1990-91. Its diversified product range includes marine products, diamonds, textiles, leather, engineering goods, minerals, steel and silk.

Ganapati Exports recently bagged a Rs.150-crore order for iron and steel bars for construction in the middle-east, competing with Tata Steel and global companies. Says Ashok Chowdhary, vice-president, exports, "Our prices prove to be the most competitive since we are a trading house with no manufacturing activities and hence no large overheads."

The third company, Allanasons, is not only the oldest, but also the most low profile. This fifth-generation company exports to 69 countries. "We are mainly thought of as a meat-exporting company but that is a misconception," says chairman Razak Allana. "None of our products contribute to more than 10 per cent of our total exports. In fact, for 1990-91, meat exports was only Rs.35 crore while coffee and tea exports brought in Rs.45 and Rs.40 crore respectively." Allanasons also exports processed foods, spices, cashew kernels, deoiled cakes, marine products, chemicals, leather products, textiles and engineering products. Last year the company had exported goods worth Rs.132 crore.

Unlike the other three winners, Britannia Industries Ltd is not exclusively into exports and has a strong presence in the domestic market as well. At Rs.74.5 crore, exports formed 23.67 per cent of their total turnover in 1989-90. But according to Sunil Alagh, managing director, "Exports are not merely an add-on to our activities, but an important area in itself." Britannia exports to around 15 countries. The largest chunk being taken up by soya-meal which forms 40 per cent of the total exports. Other exported products include cashew, biscuits, shrimps and agro products.



Allana: star status an encouraging trend

Additional benefits

Besides adding to the firm's prestige, a star status entitles it to several additional benefits. The firm can avail of special additional licenses for imports worth 15 per cent of the NFE. These licenses are freely transferable but the importer must be an actual user. They are valid for import of permissible non-OGL capital goods subject to the condition that the cost of any single item does not exceed Rs.50 lakh.

According to Ramu Deora, president, Federation of Indian Export Organisations (FIEO), such incentives are relevant and they do help performance. But exporters also feel that more incentives are necessary, especially non-quantitative ones like faster clearances. "One of our clearances has been held up for a year-and-a-half now, and delays like this put us at a disadvantage," complains a leading exporter.

The foreign exchange crunch in the country and the RBI restrictions have further aggravated difficulties. Says Deora, "Exporters have to import materials worth crores of rupees. Under the new restrictions, they will have to approach the RBI for approval before opening any letter of credit. This is not only cumbersome, but it also puts us at a big disadvantage with our competitors like Korea, China, Taiwan and Pakistan." Deora feels that all import requirements of the exporters should be fully exempted, if the government really intends to encourage exports.

Nevertheless, the honoured four are optimistic about long-term opportunities. As one prominent exporter puts it, "The country's share in world trade is only half a per cent — which should only grow." Schemes like star status are a way of making this happen, they feel.

But the schemes are not enough by themselves. Unless they are supported by an efficient and encouraging governmental machinery, there is no way in which India can become a rising star on the export front.

■

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BSRB

Time for review

Large-scale recruitments in nationalised banks are certainly a phenomenon of the past, as having achieved the expansion objectives, the industry is now in for a consolidation phase. The RBI guidelines on recruitment have further slackened recruitments. From nearly 40,000 employees per year in the peak years of the expansion phase new recruitments have reduced to less than 1,000 employees per year at present. In such a situation, what is the future of the banking service recruitment boards — the centralised system especially created in 1978 to handle nationalised banks' recruitments?

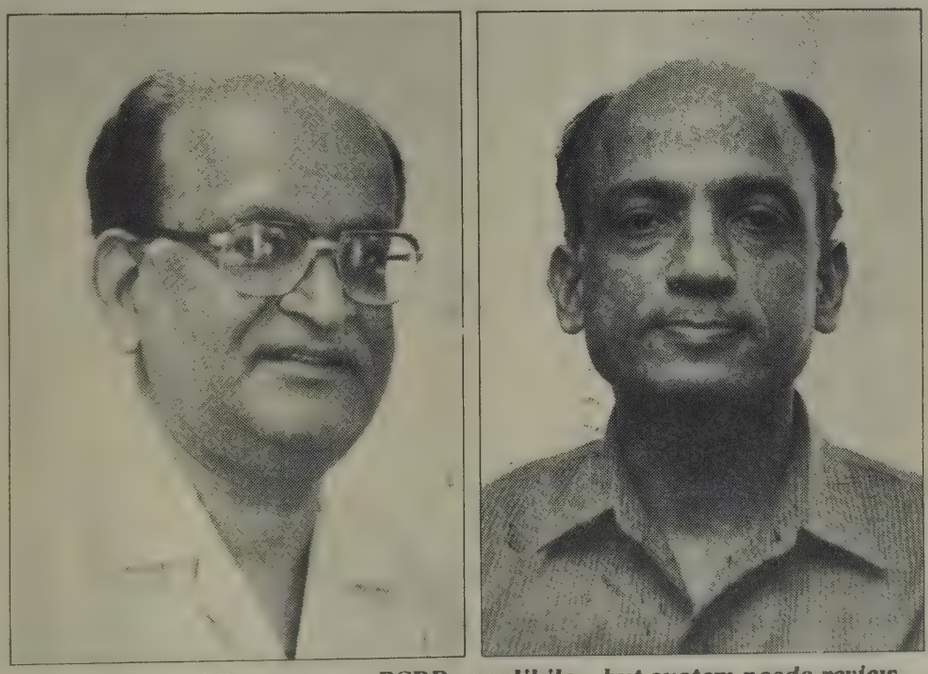
Banking service recruitment boards (BSRBs) were created to relieve individual banks of the gigantic task of recruiting personnel during the high growth years following nationalisation. Starting with 7, the number of boards today has increased to 15. These boards handle clerical and officers' recruitments for all nationalised banks. Big-brother SBI has its own central recruitment board for officers' recruitment. The BSRBs also handle recruitment for regional rural banks. The costs of the boards, which are by no means small, are borne by banks in proportion to their deposit base.

Access to jobs

According to most bankers, the major advantage of BSRBs is that it provides the common individual access to employment opportunities in the banking system. S.S. Dabholkar, secretary, All India Bank Officers' Confederation, explains, "Before the boards were formed, recruitment in banks was a closed-door affair." People who 'knew' somebody in some bank were informally recruited in that bank. Although after nationalisation some banks introduced objective tests etc, there was no uniformity in standards. Also complaints of corruption and favouritism were rampant. Not that the boards have been successful in eliminating such complaints totally but most bankers do feel that corruption has been reduced significantly.

Says P.S. Deshpande, chairman, BSRB western region, "The process is so objective there is no scope for favouritism. Entry is purely on merit."Such tough competition has given banks more qualified employees. True, the process takes rather long — as much as 18 months — to complete. But given the advantages of centralised recruitment, banks prefer to reconcile to the delays. Deshpande says that they are trying to cut down on delays. But this seems unlikely with the increasing number of applications

According to Deshpande, "Although recruitment has declined in the recent past, the number of applications we receive has been spiralling over the years."



Ruknuddin and Doreswamy: BSRBs credibile... but system needs review

So long as unemployment increases, the inflow of applications is not likely to reduce. And along with the number. of applications, the costs of recruitment too have obviously increased. A large-size bank for instance, spends anywhere around Rs.35 lakh as its total contribution to the boards' machinery whereas a smaller bank's share is around Rs.10 lakh. Besides, one bank in each region also has to provide the infrastructure and the core staff for BSRBs.

And yet, banks are quite willing to bear these high costs. In fact, most bankers seem happy with the system. Says, K. Ruknuddin, deputy managing director, SBI, "Banks certainly don't grudge their contribution as the credibility of the system is in no doubt."

Increasing costs

Yet, what could be justified a few years ago due to the massive size of recruitment, no longer appears to be so. The same machinery to fill in fewer vacancies and the same process coupled with increasing costs, have moved up the per employee recruitment costs. With an increase of 60 to 70 per cent in the last three to four years these costs have gone up to Rs 4,000 to 5,000 per employee. Bankers seem to have given little thought to this and other issues. Undoubtedly, what was proper for the high-growth years, needs modifications.

Ruknuddin feels that the boards' expenditures need to be audited more closely. Says he, "Not that there aren't any audits now, but with management audits perhaps we could get better value for money." Bankers also suggest that rather than sharing the costs on the basis of deposits, sharing them according to number of recruitments per bank would be more rational. S. Doreswamy, executive director, Dena Bank suggests merging of some of the boards to cut down costs. However no banker suggests abolition of the boards.

The point, bankers stress, is as much of finding a better alternative as it is of the need for an open debate on the subject. Any system, however good, needs to be reviewed from time to time. The chairmen of all the boards do meet every quarter to decide on policy issues, and around once a year the finance ministry, BSRB chairmen and the personnel heads of banks also have a meeting. But says a senior banker, "The ideas thrown up at these joint meetings don't materialise into anything concrete." Perhaps it would be in the interest of the banks themselves to closely look at these suggestions and derive benefits.

■ POONAM CHAWLA

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EXPORT-IMPORT BANK OF INDIA

1982-1991

FINANCIAL HIGHLIGHTS: APRIL 1990-MARCH 1991

AT YEAR END 31ST MARCH 1991	GENERAL FUND Rs. (crores)	Change over previous year %
– TOTAL ASSETS	1994	16
of which LOANS, ADVANCES & BILLS	1315	18
– OWNED FUNDS	377	13
of which RESERVES	120	22
– BORROWED FUNDS	1338	13
– GUARANTEES OUTSTANDING	618	4
FOR THE YEAR APRIL 1990-MARCH 1991		
– TOTAL INCOME	161	17
– NET INCOME (After Interest, Expenses, Depreciation, Provisions)	31	13
FUNDED OPERATIONS		
– COMMITMENTS IN PRINCIPLE	1060	169
– SANCTIONS	1043	9
– VALUE OF EXPORT CONTRACTS FINANCED	1389	44

SOURCE: Audited Accounts for 1990-91 adopted on 5.4.91.

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CREDIT-RISK EVALUATION

Rating for financial health

Given the increasing risk of default on corporate debt, deciding where to invest and how much to invest in different kinds of debt is no easy task for lenders. The host of company-specific and industry framework details that need to be delved into make the task infinitely challenging, as Credit Rating Information Services of India Ltd (Crisil) has found out.

An entrant in this complex but important field is Strategic Consultants. It has, in collaboration with New York University's Professor Edward Altman of the "Z score" and "Zeta model" fame, developed Strat-Risk Version 3.0, an empirically derived mathematical model that rates each company in the organised manufacturing sector for financial health.

Priced steeply at Rs.50,000 (as against *Capital Markets'* Z-score rater at Rs.15,000), this risk evaluation model uses Multi Variate Discriminant Analysis (MVDA), a statistical method that works as follows. Assuming that the population can be divided into two distinct sub-populations using a cut-off point, such as healthy and unhealthy companies, MVDA starts with a sample of known cases and attempts to isolate the factors responsible for the difference in the two groups. The chosen factors are assigned a weightage that reflect their importance to the differentiation.

In Strat-Risk's sampling technique, the sample of sick companies was matched as closely as possible with an equal number of healthy companies on the basis of scale of operations, nature of business and age. While the sample covers 22 industry groups, the model is developed over a complete business cycle and is tested for neutrality to cyclical influences.

The model emerges with eight factors (*see table 1*). Although the actual composition of the ratios cannot be disclosed, the method predicts future earnings and is therefore necessarily independent of parameters such as EPS and related parameters such as dividends, book value and P/E ratios. Given the company-specific data for the latest accounting period, the weighted average of the eight factors then produces a number or score, the higher the better with the cut-off point at zero. The trend of scores over the years reflects an improvement/decline in corporate financial health. In this manner, Strat-Risk's developer, Deepak Raja, claims that the model identifies the likelihood of default on debt well in advance of the traditional balance sheet test.

Competitor *Capital Markets'* Z-score rater is not based on any quantitative technique to determine the factors. Instead, users are asked to specify a maximum of 10 factors that they view as important for their problem at hand, which could include the study of solvency, and also give the weights or importance of each. The rater then prepares the relative Z-scores using *Capital Markets'*, database of 1,200 companies. Raja argues that his method eschews the subjective element of choosing factors.

How good is Strat-Risk? *Table 2* gives a set of Strat-Risk scores for a few BIFR companies under BIFR files of 1987 and 1988 which the model predicts is sick/near sick several years in advance.

Looking at the above data provided by Strat-Risk, the model works consistently for the first four companies, while for the rest there is an absence of consistently negative scores.

Business India also asked Deepak Raja for scores on a company whose fundamentals looked good a year or two ago but which Strat-Risk had identified as unhealthy. Raja cited the example of HCL for which his model has consistently thrown up negative scores of –0.6, –0.7 and –0.6 for the years 1987, 1988, and 1989. This is while Crisil downgraded its rating from A+ in November 1988 to BBB– in January 1991. On the other hand, how does one explain Gujarat Ambuja Cement which was assigned a Stratscrore of 0.29 in 1989 (a borderline case) while the Crisil rating of FAA in April 1989 was upgraded to FAAA in April 1991.

Strat-Risk took three years to develop and Raja has firm inquiries from at least four buyers. *Capital Markets'* Z-score has two installations — both outside India. Crisil, of course, is the most widely used. Which one should be used? The buyer is left to take the risk.

■ ALKA MUKUNDAN

Table 1

Factors that determine the rating of:

Strat-risk	Crisil
1. Leverage management	1. Business analysis-industry risk, market position of the company within the industry, operating efficiency, legal position.
2. Scale of operations.	2. Financial analysis: accounting quality, earnings' protection, adequacy of cash flows, financial flexibility.
3. Technological obsolescence.	3. Management evaluation.
4. Productivity of marketing/ administrative/ energy inputs.	
5. Manufacturing base.	
6. Net worth cushion.	
7. Manpower productivity.	
8. Operating (pre-interest and tax) profitability.	

Note: While Crisil rates a particular debt instrument without comment on its impact on existing debt, Strat-Risk measures potential insolvency for the company as a whole. Crisil works on borrowers' demand while Strat-Risk, which is based on published data, can be done unilaterally and is possibly more suitable for secondary market lenders.

Table 2

Strat-Risk scores

	Years prior to landmark				
	landmark	1	2	3	4
Aryodaya Gng. & Mfg.	-4.349	-2.750	-2.641	-3.443	-3.963
Year end	79	78	77	76	75
BST Mfg.	-2.578	-0.514	-1.179	-1.705	-2.349
Year end	86	85	84	83	82
Chase Bright Steel	-1.780	-1.816	-2.248	-3.435	-3.102
Year end	81	80	79	78	77
Deepak Insulated Cable Co.	-1.570	-1.527	-1.556	-0.954	-1.458
Year end	82	81	80	79	78
Fit Tight Nuts and Bolts	-2.911	-1.915	0.106	0.137	-0.425
Year end	81	80	79	78	77
Metal Box India Ltd	-0.514	-0.346	-0.080	1.036	-0.563
Year end	81	80	79	78	77
Shree Vallabh Glass Works	-4.700	0.530	0.018	0.690	-0.523
Year end	82	81	80	79	78
Standard Motors Products	0.581	0.447	0.746	0.993	0.425
Year end	85	84	83	81	80

Note: Strat-risk's landmark is the year of commencement of consecutive cash loss leading to an erosion of net worth.

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during April 1991-1992

for Managers and Administrators in Industry, Govt. and other organisations

Programme	Date	Venue	Programme Director (S)
Marketing of New Products and Services	June 17-21, '91	Kathmandu	Prof. Kunal Basu, Prof. Manas Das
Innovative Approaches to Human Resource Management	July 16-20, '91	Calcutta	Prof. Subratesh Ghosh
Strategic Planning and Human Resource Management	August 16-19, '91	Varanasi	Prof. Ajeet N. Mathur
Authority, Organisation and Leadership : Management Self in Role	August 22-29, '91	Varanasi	Prof. Ajeet N. Mathur
Working Capital Management-Strategies and Techniques	September 2-7, '91	Kathmandu	Prof. Hrishikesh Bhattacharyya
Urban Management : Contemporary issues and Emerging Stratagies	September 9-14, '91	Calcutta	Prof. Robin Ganguly
Managerial Leadership and Conflict Resolution	September 18-25, '91	Kathmandu (at Hotel Narayani)	Prof. B.N. Shrivastava
Human Resource Management for Non-Personnel Executives	September 23-27, '91	Goa	Prof. Anil K. Sengupta
Workshop on Issues Relating to Privatisation Policy	October 3-4, '91	Simla	Prof. Prajapati Trivedi
Quantitative Techniques for Managerial Decisions	October 7-12, '91	Udaipur	Prof. B.R.K. Kashyap
Effective Advertising Management	October 8-11, '91	Udaipur	Prof. Kunal Basu, Prof Manas Das
Total Quality Management	October 14-18, '91	Kathmandu (at Hotel Narayani)	Prof. B. Sarkar
Current issues in Public Enterprise Management	October 21-23, '91	Ootacamund	Prof. Prajapati Trivedi
Managerial Decision Making	October 28-November 1, '91	Calcutta	Prof. Ashis Chatterjee Prof. Leena Chatterjee
General Management	October 28-November 2, '91	Kathmandu	Prof. M.N. Pal Prof. B.K. Sinha
Materials Management	November 11-16, '91	Jaipur	Prof. Ranjan Ghosh
3-Day Introductory Workshop on Memorandum of Understanding (MOU)	November 22-24, '91	Thimpu Bhutan	Prof. Prajapati Trivedi
Marketing in Competitive Environments	November 25-29, '91	Goa	Prof. Kunal Basu, Prof. Manas Das
Emerging Trends in Industrial Relations	December 9-13, '91	Calcutta	Prof. Anil K. Sengupta Prof. D. Bhattacharyya
Personal growth and Group Development	December 16-20, '91	Calcutta	Prof. Dilip K. Lahiri
Experience Sharing Conference on Memorandum of Understanding (MOU)	December 30-31, '91	Port Blair Andaman & Nicober Island	Prof. Prajapati Trivedi
Micro Level Development Management Under Decentralised Planning	January 6-9, '92	Calcutta	Prof. Robin Ganguly
Managerial Effectiveness & Value Systems : Indian Insights	January 13-17, '92	Calcutta	Prof. S.K. Chakraborty
Management of Rural Development	January 13-18, '92	Puri	Prof. Madhu S. Mishra
Management Control Systems	January 20-23, '92	Vishakhap-atnam	Prof. M.P. Vithal
Experience Sharing Conference on Memorandum of Understanding (MOU)	January 27-28, '92	Panjim Goa	Prof. Prajapati Trivedi
Computer and Information Systems	February 3-21, '92	Calcutta	Prof. Ashim K. Pal
Time Management	February 20-22, '92	Bangalore	Prof. B.R.K. Kashyap
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Management of Rural Health Services	March 2-7, '92	Calcutta	Prof. Madhu S. Mishra
3-Day Introductory Workshop on Memorandum of Understanding (MOU)	March 15-17, '92	Calcutta	Prof. Prajapati Trivedi
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The neglected sector



P.N. JOSHI

The commercial banking system in India consists of 28 public sector banks, 25 Indian private sector banks and 22 foreign banks. In view of the highly biased policy during the last two decades, the share of the private sector banks in the total business mix has gradually dwindled. Today, while public sector banks account for 91 per cent of the banking business, the remaining 9 per cent is almost equally shared by the private sector and foreign banks.

Branches of foreign banks are mostly located at metropolitan and port towns and invariably cater to the sophisticated business requirements of the elite segment in the corporate sector. The private sector banks, on the other hand, function in far off rural and semi-urban localities, catering to the banking requirements of the masses in their jurisdiction. Having developed the technique to cater successfully to rural requirements, these banks have carved out a niche for themselves in the area of finance, despite the onslaught of the giant government banks.

Objective fulfilled

During 1989-90, the 25 private sector banks increased their equity by 50 per cent from Rs.20 to Rs.30 crore. At 19 per cent, their rate of growth of deposits was marginally higher than that of other banks. Published profits rose from Rs.18.85 to Rs.22.38 crore, registering an increase of 19 per cent. They have thus achieved the social objectives they set for themselves.

It is interesting to note that this objective of "mass banking" had to be *thrust* on the nationalised banks. The private sector banks have been fulfilling this objective right from their inception, since they are "at home" with the sons of the soil. Much of the service rendered by them, however, goes unnoticed.

Ever since the nationalisation of the 14 major scheduled commercial banks on 19 July 1969, the entire thrust of the banking policy has been to project the functioning of public sector banks. The policy documents, speeches by the concerned authorities, articles, write-ups, etc, in fact the whole trend of thinking consciously or unconsciously, is concentrated on highlighting the role of public sector banks in economic development. Promotional literature projecting the yeoman services rendered by public sector banks in their effort to bring about social transformation through economic development has been released in prodigal amounts. In the process, great damage was unwittingly done to the nascent private sector banks.

Under these circumstances, it is surprising that these banks continue to survive and even thrive despite utter neglect. They draw their strengths from the strong foundations on which they stand and also from the loyalty of their staff and their devoted service to the clientele. It is an acknowledged fact that among the different groups of banks, customer service is the best in the Indian private sector banks. While the foreign banker shuns the small investor and the government banker despises him, he is welcomed and cared for at the private sector bank. It is also true that the small and medium scale businessmen and the large majority of the middle and low income group depositors feel "at home" with these banks. Not surprisingly then, the private sector banks easily achieve the targets — of lending under priority sectors, weaker sections, direct finance, agriculture, etc — that they set for themselves.

Service unnoticed

Even so, their achievement has rarely been noticed, much less appreciated. There is a discernible indifference to their very existence. For instance, at a recent meeting of chairmen of financial institutions and banks convened by the RBI, the chairman of the meeting welcomed the heads of financial institutions, the State Bank of India and the nationalised banks but completely left out the chairmen of private sector banks! For the credit policy meetings convened by the RBI and held twice a year in April and October, private sector banks are not invited to participate, although they are required to adhere to the policy prescriptions in toto.

It is the indifference to the Indian private sector banks that led to policy discrimination in the Agricultural and Rural Debt Relief Scheme of 1990. The scheme was made applicable to public sector banks and co-operative banks but not to the private sector banks. Here again, the omission may not have been deliberate, at least not initially as it has become customary to ignore them.

But what is intriguing and even irritating is the fact that despite repeated requests by the private sector banks to make the scheme available to their borrowers, this request has gone unheeded. Under this scheme, it is the farmer who borrows cash who is benefitted. It is also the farmer who does not get the benefit under the debt relief scheme merely because he borrowed from a bank not owned by the government. What is annoying is the fact that the plea of private sector banks is held valid and appreciated in several quarters, yet, no action is taken.

This indifference has also been responsible for non-acceptance of guarantees issued by the

The author is chairman of United Western Bank Limited

Performance of private sector banks

(Rs crore)

	As on 31-3-'89	As on 31-3-'90
Branches (No.)	3,832	3,868
a) Indian	3,831	3,867
b) Foreign	1	1
Equity	20.17	30.39
Reserves & reserve funds	82 42	118.19
Borrowings	343.68	368.57
Investments	2,251.01	2,597.35
Total deposits	6,664.10	7,902.70
Advances	3,596.15	4,262.98
Working funds	7,520.73	8,910.16
Income	905.28	885.06
Expenditure	886.41	862.67
Profit	18.85	22.38
Staff (nos)	50.966	52,054

(Source: Indian Banks' Association)

Indian private sector banks not only by government departments and public sector undertakings but, what is worse, even by certain private corporate entities. The acceptance of guarantees should basically be dependent upon the financial viability of the guarantor and not on the ownership of the guarantor. At a time when several socialist countries are becoming more liberal by introducing privatisation, it is ironical that in our country even private sector corporations should look down upon the guarantees issued by the private sector banks.

Operational irritants

Recently, a private corporate body insisted that its client obtain a guarantee from a nationalised bank. Such operational irritants dog the private sector banks every day. And yet, they doggedly continue to perform their role of serving the community, particularly the middle and lower class and the small businessman.

Again, the policy indifference prevents non-resident Indians from keeping their FCNR deposits with private sector banks. If only a climate could be created where all commercial banks are equal, controlled and regulated as they are under the RBI Act, 1934 and the Banking Regulation Act, 1949, the lot of the private sector banks could have been better. But, in their anxiety to justify nationalisation of banks the authorities have overlooked the private sector banks. This has naturally led to discrimination against them.

A typical instance is RBI's branch licensing policy. In the latter half of the eighties, the policy thrust was directed first at opening branches of regional rural banks (RRBs), followed by lead banks, ie, the major commercial bank in the district and then others. The rationale behind giving first priority to RRBs was that they understood rural needs perfectly. The Indian private sector banks too work in the same direction as RRBs. Yet, in the branch licensing policy they do not figure even in the second position in the list of preferred institutions.

The virtues of privatisation are being recognised even in communist countries, but in a mixed economy like ours it is strange that private sector banks get step-motherly treatment. Objectively stated, a bank and its efficiency should be judged on the basis of its quality of assets, financial strength, quality of service and profitability. Instead, ownership is the criterion for discrimination in treatment. Hopefully, better counsel will prevail and, before long, private sector banks will get their due.

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UNAUDITED FINANCIAL RESULTS (ESTIMATED) OF SIX MONTHS ENDED 31ST MARCH 1991

(In lakhs of Rupees)

Sr. No.	DETAILS	For six months ended 31.3.1991 (Unaudited)	Corresponding six months in the previous year ended 31.3.1990 (Unaudited)	Previous year ended 30.9.1990 (Audited)
1.	Net Sales	3218	3118	6549
2.	Other Income	40	34	186
3.	Raw Material Cost	1653	2177	3567
4.	Salaries & Wages	633	557	1261
5.	Interest	221	217	427
6.	Gross Profit	129	(87)	(104)
7.	Profit on Sale of Assets	NIL	261	274
8.	Provision for Depreciation	49	173	132
9.	Provision for Taxation	NIL	NIL	NIL
10.	Net Profit	80	1	38

NOTE : No provision for arrears of depreciation is made during the six months ended 31.3.1991

The IIM Ahmedabad imbroglio

The two-year-long appointment controversy surrounding the prestigious Indian Institute of Management, Ahmedabad, seemed to have been resolved on 4 May 1991, when Pradip N. Khandwalla took charge as the institute's sixth director. His supporters claim that Khandwalla, the Larsen & Toubro chair professor of organisational behaviour at the institute, was recommended for the job in July 1989 by a search committee set up to find a new director when the incumbent N.R. Sheth retired early in the same month. And that Sheth was granted two extensions only because the government sat on the committee's recommendation.

V. Krishnamurthy, the then chairman of the institute's board of governors, P.V.R.N. Iyer, executive director, Rohit Group of Enterprises and Ashok Chandra, the then educational adviser (technical), ministry of human resources comprised the three-member committee which ultimately selected Khandwalla from about 50 applicants. The HRD minister in the Congress (I) regime, claim Khandwalla's supporters, then approved the proposal and forwarded it to the appointments committee of the cabinet for the final nod. But the Congress defeat at the hustings, they say, put the appointment on hold.

Royalty earnings

A.P. Venkateswaran, the last chairman of the institute's board of governors, however has a different story to tell. He says, "Unfortunately, due to certain allegations of financial impropriety against him which came up at that time, neither the Congress (I) government nor the Janata Dal government accorded their approval to his appointment."

Khandwalla's supporters say this is untrue. They claim that "some groups at the institute with vested interests" tried to stymie Khandwalla's appointment on grounds of financial impropriety "only in March 1990" by informing the board of governors that Khandwalla had not given to the institute the mandatory one-third share of his royalty earnings from a book he wrote for the World Bank in 1985. Khandwalla in turn claims that royalty earnings are not subject to the institution's code which, he says, applies only to consultancy and research earnings.

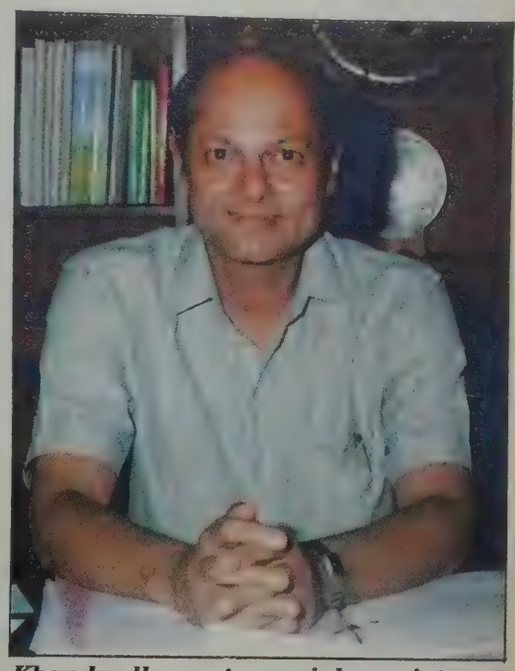
Anil Bhatt, a professor — at the institute, says, "Royalty earnings have never been shared." However, another faculty member says: "It's a question of interpretation." But Bhatt stresses the fact that the issue had been resolved earlier by Krishnamurthy who had stated that the episode should not be held against Khandwalla's appointment.

The controversy only got a new lease of life, say Khandwalla's supporters, because after Venkateswaran became chairman in October 1990, he re-opened the issue "using this allegation as a pretext". Venkateswaran disagrees. He says, "I was requested by the government to make an on-the-spot assessment and submit my considered views. After making an assessment, I suggested that it would be desirable to constitute a fresh search committee without prejudice to any of the candidates who had been considered earlier. I thought this would dispel the cloud over the selection, to the satisfaction of all concerned. I felt that the credentials of a director should not only be beyond question but must appear to be so."

Khandwalla's supporters have no reply to Venkateswaran's claim that his proposal was held up because first, the V.P. Singh government fell and second, Chandra Shekhar's government did not respond till well after its own resignation in March this year.

The timing was particularly inappropriate, Venkateswaran points out, because it was in direct contravention of the President's directive that all senior level appointments, other than those in the career services, would be held in abeyance till the new government assumed charge after the elections. Khandwalla obviously disagrees: "That was an extreme posture, for it placed a question mark on many other recent senior appointments."

Incensed by Venkateswaran's refusal to issue an appointment letter to Khandwalla, the Chandra Shekhar government relieved him of the chairman's post and appointed S.K. Khanna, vice-chairman of the University Grants Commission, as his successor. Khanna's immediate task, after he assumed charge on 4 May, was Khandwalla's confirmation as director. The timing showed up the government's hand again. Venkateswaran had called a special meeting of the board of governors on 6 May to discuss this thorny issue. But the government was not willing to let the governors reach an independent conclusion.



Khandwalla: controversial appointment

Khandwalla's supporters say his appointment has been welcomed because though his predecessor Sheth was a fine academician, he was a poor administrator. (Sheth, himself, does not accept this: "I ran the institute well.") They also point out that Khandwalla is eminently qualified for the job. A graduate of Bombay University and a chartered accountant, he has an MBA from Wharton School and a PhD from Carnegie-Mellon University, both in the US.

Political culture

On being asked what he felt on becoming director Khandwalla, who joined the institute in 1975, says, "I am infinitely relieved but sad that the process had to be so surgical. After all, the removal of a chairman of the institute's board of governors is a most unfortunate event." Paradoxically, Venkateswaran vehemently agrees: "The political culture of out-of-turn gas and telephone connections has now been extended to cover academic appointments. If this is to be the norm of conduct, the future would indeed appear to be bleak." Sadly, the origin of the imbroglio — Khandwalla's alleged financial impropriety — was ultimately overshadowed by the government's complete disregard for norms and procedures. So clearly, what arouses concern is not the fact of Khandwalla's appointment but the manner in which it was pushed through.

■ NEERA SETHI



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EDITOR'S CHOICE

What's brewing at *The Times*?

Newspapers and the morning cuppa have always been associated with each other. But what is the *Times of India* group doing marketing tea?

The well-established daily has, since 4 May, devoted huge amounts of advertising space to promoting its new limited edition tea, Editor's Choice. The seven-ad campaign is expected to use about Rs.22 lakh worth of advertising space in the lean season. The ads feature Vimla Patil, who has been associated for decades with the group as editor of *Femina*, Rauf Ahmed, editor, *Filmfare*, Anil Dharker, executive editor of *The Independent* and Pritish Nandy, editor of *The Illustrated Weekly of India*. All of them, if the ads are to be believed, enjoy a special Darjeeling tea that costs Rs 625 for 200 gm. The copy, written by Sundar Rao, assistant manager, modernisation, was cleared by the editors concerned.

"The brand name has emerged as the most coveted corporate asset of all," said Arun Arora, modernisation director, in a circular dated 30 April addressed to the editors, directors, general managers and branch heads of the organisation. It also said that a great deal of consumer loyalty and goodwill surrounds a successful brand name, which is almost seen as the direct source of much of a company's profit. Developing this brand name and image was one of the tasks the modernisation department took on, after making some headway with its original job of upgrading hardware technology.

For the connoisseur

"Earlier, we had production-based marketing. Whatever was produced had to be marketed," elaborates Arora, ensconced in the newly renovated Times building in Bombay, which now looks glitzy enough to be a multinational's headquarters. "The new trend is to feel the pulse of the market, produce what the market needs. The market looks to us for leadership." Is it the newspaper or the tea market he is talking about?

"Our objective is not to sell tea," he explains. "We don't consider the tea business as an option to newspapers. Our concern is with the goodwill — something similar to what we call brand equity. *The New York Times*, I'm told, came out with an umbrella. It's just that in India we were the first to do this." Adds Rajesh Iyer, project manager, Editor's Choice: "When we brought the Yves St Laurent show to India, people wondered if we were going into the fashion business!"

The 150-year-old newspaper group has, in the last few years, done a great deal to rejuvenate its image, involving itself in such diverse programmes as the Amnesty Show at Delhi featuring rock singer Bruce Springsteen, a *Sampurna Ratri* in Ahmedabad which drew a 2,000 strong audience of music lovers who left after breakfast, and an art exhibition at the Victoria Terminus station in Bombay. "The group has done a lot for connoisseurs," says Iyer, "and we thought tea was an exclusive, high-involvement product. Even its preparation is elaborate if done right, unlike instant coffee."

Deepak Tolani



A 'coveted corporate asset'

"If you're going to boil it with *masala* and milk, you might as well use ordinary CTC tea," adds Arora, explaining that the fragrant leaf tea needed to be made in a warm kettle, and brewed in boiling water with two spoonfuls for three people, with very little milk.

It is this fragrance which is supposed to be the special feature of the tea. As many as 23 Darjeeling teas were sampled, both in-house and outside. Two Calcutta-based tea tasters were also involved. The blind sampling was done over four months, and almost everybody voted for this particular variety. "We even bought a sample which cost Rs.5,000 per kg but that didn't figure anywhere in the reckoning," says Arora. Editor's Choice, after packaging, works out to Rs.3,125 per kg. Arora refuses to mention the exact price of the original tea, saying that the margin is very low. The tea, he adds, is more expensive than the packaging, which has been designed by the Times group.

Hand-made caddies

The tea is packaged in porcelain and brass, hand-made caddies, distributed in two 100-gm foil packs per container to preserve the freshness. A total of 1,800 such caddies have been released in the market, available only at the Oberoi's outlets in Bombay, Delhi and Calcutta. *The Times* wanted the "finest" outlets, and it so happened that while the Taj people promised to get back, the Oberoi's response was quicker.

"We agreed to sell it only if it was truly exclusive," says Vineet Kapoor, food and beverage manager at The Oberoi in Bombay. The Oberoi arranged its own tasting sessions. "I've tasted a lot of fresh tea," says Harsh Varma, rooms division manager, Oberoi Towers, "but this bouquet was completely different." It is, he acknowledges, too expensive to drink every day.

At least one editor of an afternoon newspaper in Bombay has pointed out in his paper that, at Rs.625 for 200 gm, no editor will be able to afford it. "*The Times* editors can certainly afford it," declares Arora. Can anyone else? As it turns out, according to Arora, 200-odd packs have been sold. Kapoor is hoping stocks won't sell out in a hurry, because he gets free mileage every time the ad appears.

How does the old guard of *The Times* react to marketing ploys which have nothing to do with traditional journalistic values? "We couldn't talk to everybody," says Arora. "The campaign would become too big and boring, and anyway, it is difficult to get editors together for the ads. So we decided to involve only editors and executive editors in Bombay, and not the resident editors."

But if Pritish Nandy, known for his attention-drawing ability, approved of the scheme, did the more conservative Ram Tarneja? Arora avoids a direct answer to the question — and admits a few minutes later that he evaded it!

■ MENKA SHIVDASANI

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"Via KLM. Straight to Heathrow."

If you're flying out of Delhi into London, only KLM takes you straight to Terminal 4 at Heathrow.

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Not if you fly KLM. Fly the world's first airline. And you not only get service that's reliable, caring, punctual and friendly. But you also get to Schiphol, the world's best airport, which offers you unmatched connections to over 150 destinations in 77 countries worldwide. And from June 19, KLM will give you even more – more seats, more comfort and more convenience, with its new turnaround flights.

Fly the Difference KLM

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Test us, try us, fly us.

Contact your travel agent, or call us at:

Bangalore: 28703, Bombay: 221013, Calcutta: 292451, Madras: 869752, New Delhi: 3311747, Dhaka: 315001 and Kathmandu: 214895.

The Reliable Airline KLM Royal Dutch Airli

Maadhyam

Taking on the pirates

Growing along with the information technology industry in India is the menace of software piracy. American companies estimate the loss in revenue due to piracy at $10 to $12 billion annually. By contrast, the total extent of piracy in India is still small; estimated losses to American companies in India is put at $38 million annually. Software manufacturers, both international and local, have now mobilised to protect their products. Six of the world's largest software manufacturers have got together and set up The Business Software Associates (BSA), in a bid to tackle the problem worldwide. The recent raid on SKW Enterprises, a Delhi-based bookseller and software vendor, on 19 March was BSA's first operation in India. Software is governed by copyright acts all over the world. In India an amendment to the copyright act, in 1984, extended protection to computer software as well. India is also a signatory to the Berne convention which provides copyright protection to other member countries. All international manufacturers believe the law in India has enough provisions to combat piracy, but the problem is implementing it.



Mehta, Patel and Pawar: coming out openly against piracy

Gathering momentum

In India, the movement against software piracy is gradually gathering momentum. Two premier associations of the information technology industry, MAIT And NASSCOM, have jointly set up the Indian Federation Against Software Theft (INFAST). Modelled on the British Federation against Software Theft (FAST), INFAST will work with FAST and with Business Software Associates towards implementing software copyright.

Manufacturers will assign rights to INFAST who in turn will implement them. At present anybody violating the copyright act can be criminally prosecuted — the minimum penalty is six months in jail. INFAST plans to, first, only bring civil proceedings against violators. It is only if that fails that they will resort to criminal proceedings.

Software piracy has been a problem since the advent of the PC (personal computer) back in 1975. It is so prevalent that it is hardly considered a crime by most users. The ease with which much of the copying is done makes it even more innocent. Hardware manufacturers are major culprits; when a PC is bought, along with it comes a set of pirated software loaded onto the hard disk. Unlicensed copies are available from a number of other sources as well. In Bombay's Lamington road, software retailers provide catalogues of software available. Shirish Patel, prime mover and chairman of INFAST, says, "Sidekick, which costs Rs.4200 for a legal copy, can be bought for Rs.200 to 300 along with manuals."

End users are another source of copies. Most large corporations buy a few copies of legal software and then duplicate them on other machines.. A different route is through colleagues and friends who bring in the software from abroad. "Eighty per cent of all personal computers use at least one piece of software which is pirated," says Harish Mehta, president of NASSCOM. Of an estimated 2,75,000 PCs installed in the country today, Ganesh Krishnamurthy, country manager for Lotus Development Corporation in India, estimates that "a total of 2,00,000 use Lotus 1-2-3 and only 13,000 use legal copies." AutoDesk has 3,000 licensed sites in the country, which is estimated to be only 10 per cent of the installed base.

Prices are cited as a major reason for software piracy in the country. The prices of hardware and software are totally out of sync. Till Autodesk launched a special discount scheme, AutoCad cost Rs.75,000, excluding marketing and other costs. For a company or an entrepreneur which used a PC/AT that costs Rs.45,000, the price was prohibitive. "If the consumer thinks that the cost is unfair, he pirates," says L.C Singh, marketing manager at Tata Consultancy Services.

A problem of availability

Availability of software is another problem. Until, three years ago, none of the better known software products were available off the shelf. One had to place an order and wait for anywhere between two to three months to receive the product. K.L Vindal, deputy general manager for the information systems division of Hindustan Petroleum, cites a different reason, "It wasn't until a year and half ago that we started buying legal software. Prior to this even if we paid for a legal set we got pirated copies."

Today, such excuses won't wash. International software giants have drawn up detailed plans to counter this problem. Collaborations with domestic software companies have been set up. Some of these are: Microsoft Corporation & Autodesk with Tata Unisys, Lotus Development Corporation with Tata Consultancy Services, Novell Inc with Hinditron. Through these tie-ups, software should be available off the shelf.

The rampant piracy has stunted the domestic software industry too. Software

manufacturers are unable to recover their initial investment, as users opt for cheaper pirated versions. Patel, of Shiresh Patel & Associates (SPA), a consulting and engineering company which develops engineering design and drafting packages, narrates an illustrative experience, "We sold a PERT package for Rs.9,500 to the Nhava Sheva Port Trust. A few days later the EDP chief asked us why he should buy our software when the Harvard Project Manager was available free. We tried to convince him that the product was pirated and ours had superior features, but in vain. He returned our package." SPA's software project is presently on hold.

Identifying software piracy as one malaise affecting the information technology industry has stirred it into action. "While studying the reasons as to why the software industry has failed to grow at the desired pace, we came to the conclusion that a strong domestic base was a prerequisite, but piracy had affected this," says R.S. Pawar, president of MAIT. As worldwide, the trend is towards a packaged product based game, the only way is to come out openly against software piracy, he says.

Educating users

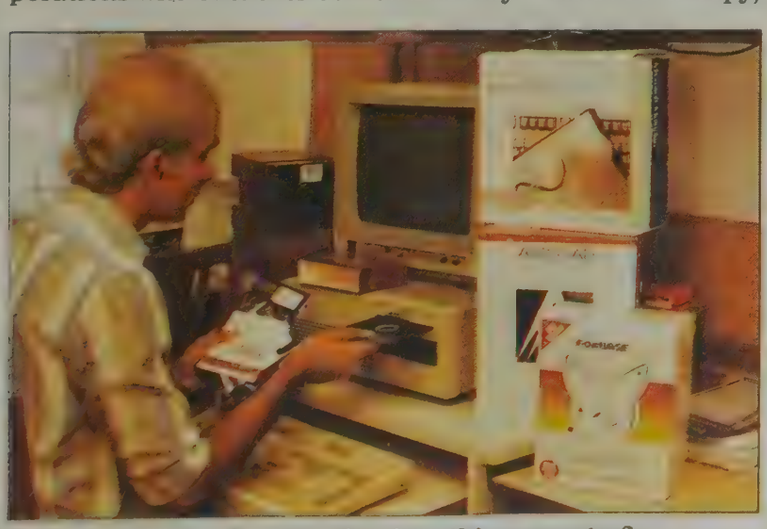
The next phase in INFAST's strategy is to educate users on the advantage of buying legal software, especially the technical support and documentation that comes with it. Says Patel, "These manuals are so comprehensive. Step by step, every nut and bolt is described." The manuals and services like 'hotline' and 'upgrades' all help in optimising usage of the product.

Weaning away users through price discounts is also part of the strategy. Lotus was approached by a number of large corporations who own over 50 PCs and only two or three legal copies. Buying copies of the latest Lotus 1-2-3 Version 3.0 at Rs.12,500 a piece would be prohibitive." So we offered them the earlier Version 2.01, at a substantial discount, for Rs.5700 a copy," Krishnamurthy says. Over 1000 copies were sold under this scheme. Similarly AutoCad is available at Rs.50,000 a copy in India only. Will the moves to end software piracy prove effective? Though a postive answer cannot be immediately given, the indications are that sales of legal software packages are improving, albeit slowly. Sonata, the distributors for FoxPro and Foxbase, sold 600 packages in only six months and expect to double sales this year. Other distributors have also indicated growth rates ranging from 30 per cent to 100 per cent.

A crackdown on piracy will not improve sales of international products dramatically. Most of the small to medium companies are likely to move to indigenous software manufacturers because their products score on price and provide features suitable to them. This shift in demand will give a much needed fillip to the demand for domestic software products.

Piracy is too entrenched to be removed quickly. But the message is clear. Neither the domestic computer industry nor the international software manufacturers are planning to stand idle while the problem grows. Indian copyright laws possess enough provisions to prosecute offenders. The point is now to enforce them. ■

AROON SARKER



Is that a legal software going into this computer?

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Growing customer confidence.

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Sista's-OIC-595 b



"Pay to use my own money?"



"I wish I'd read the fine print"



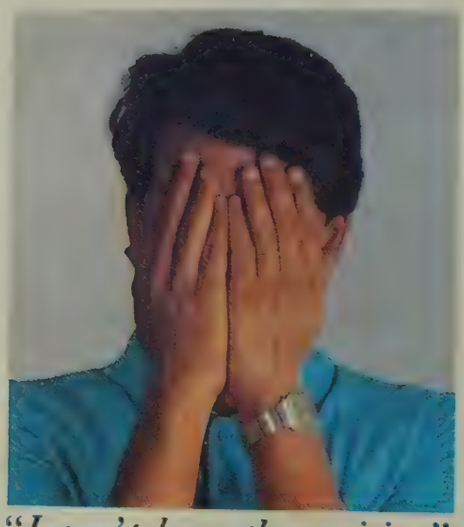
"Why did I ever lock my savings up?"



"Do I have a choice?"



"I thought the money was mine"



"I can't bear the waiting"

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ISO 9000

Where quality is all

Only two Indian companies have so far achieved the distinction of getting an international quality assurance certification under the ISO 9000 series. But there are many others in the running and some are close to the goal

In 1988, when the Madras-based fasteners manufacturer Sundram Fasteners Ltd (SFL) was working on its plans for the future, its chairman and managing director Suresh Krishna set an objective — that his company become one of the top ten fastener manufacturers in the world. That it should have a global presence.

When SFL studied the inputs required to achieve this, it realised that it was very important for the company to get an international quality assurance certification under the ISO 9000 series. Early this year it became the first Indian company to achieve this distinction. Another Madras company, W.S. Industries (India) Ltd, which makes electrical and telecom equipment, decided that getting this certification was an intrinsic part of its export plans. After working towards it for three years, W.S. Industries also got its certification a few months ago.

These two companies stand out because they are the only two to have got the ISO 9000 certification so far. There are many other Indian companies which are striving to achieve it, and some are very close to getting it. Kirloskar Cummins of Pune, the Eicher group in Delhi, Usha Martin Black in Calcutta, some divisions of Crompton Greaves, Voltas of Bombay, Widia and Kirloskar Electric in Bangalore, the Murugappa group, and the auto component manufacturing companies of the TVS group in Madras, are some of the well-known names which are working hard for this certification.



Widia milling cutters: the company has adopted various quality systems

International standards

The ISO 9000 series are international standards relating to quality assurance and systems. They are not at this point concerned with product standards. Standards have long been an important part of many industries. Earlier product standards were in fashion. But customers' needs started changing so often that products began getting obsolete fast. Instead of product inspection, customers started looking for companies which had the quality systems capable of producing quality products.

With increased focus on quality issues worldwide, various standards developing organisations in different countries prepared standards and guidelines in the quality field. Although there were similarities among the many standards, there were also conflicts in definitions and interpretations. With recent worldwide economic trends, it became necessary to have standardisation at the international level. This is the origin of the ISO 9000 series.

The International Organisation of Standardisation (ISO) based in Geneva, Switzerland, which is made up of national standards bodies of 91 countries (including India), initiated work on this series. In 1987 it issued six standards, one on terminology and five standards known as the ISO 9000 series. (*see box*). They tell suppliers and manufacturers what is required of a quality-oriented system. Today more than 40 countries have adopted these standards. Already more and more countries in Europe are insisting on certification under this series from its suppliers and potential suppliers.

The ISO 9000 series assumes particular significance because the European Community (EC) has also developed the EN 29000 series of standards which are technically identical to the ISO 9000 series. Starting 1992, when integrated Europe becomes a reality, EC companies will require their suppliers to be audited and registered under the EN 29000 series of standards. EC is not a market anyone can afford to ignore. Its 350 million citizens will represent the largest single trade market in the world — far ahead of the US which has a population of 250 million and Japan which has 120 million.

Falling in line

Interestingly, the US and Japan with their highly developed standards initially tended not to take these European standards seriously. But realising that they could be shut out from the huge European Common Market, they are now working towards adapting their systems to fall in line with the ISO 9000 series.

"To get ISO certification has not become mandatory so far," says Janak Mehta, adviser, Total Quality Management (TQM) division of the Confederation of Engineering Industries (CEI). But whether it is mandatory or otherwise, ISO 9000 registration is considered the minimum acceptable level for a supplier. A supplier without this stamp of approval can face higher insurance rates or be denied insurance in some markets.

As Mehta puts it, the registration is not really a government regulation but a very important customer regulation. Says Suresh Krishna, "Today you need some kind of credibility passport to get an entry. The customer will have to feel assured that we are not fly by night operators, but have a tradition of quality and are capable of being globally competitive. It certainly improves the international tone of the company."

It is not easy to get the ISO 9000 certification. The companies which want this "passport" will have to prepare a quality manual which defines the contractual, functional and technical requirements

for all quality activites that will ensure that a product, process, service or system is fit for its intended purpose. "A lot of work and preparation needs to be done before Indian industry is ready for this. It is an abstract system compared to product systems. A certain amount of subjectivity is involved. We have to plan for this very carefully," says H. Lal, director general, Bureau of Indian Standards (BIS).



Widia mining tools: adopting various quality systems

Rigorous norms

The companies which have already adopted various quality systems in their operations find the going comparatively simpler. Bangalore-based Widia, which is committed to TQM, started training its workers three years ago. Today it is seriously working towards the ISO 9000 certification which it hopes to get some time next year. Pune-based Kirloskar Cummins, which is very close to getting the certification, is a systems-based company. It has received certification from Lloyds, the American Bureau of Shipping and the Indian Register of Shipping. Therefore the company has been already following rigorous standards of quality control, documentation process control and so on. However, even for companies like these, it takes anywhere between 18 months to two years to get the certificate. Usha Martin Black, which has been exporting steel wire and wire ropes to 40 countries from the sixties, expects accreditation some time in 1993.

It is not only difficult to say how long it will take for a company to get certification, but also how much it will cost. It depends on how developed the company's present system is and the implementation strategy it adopts. For SFL it cost about Rs.3 lakh. WS Industries also spent a similar sum.

It is an exercise worth going through even if export is not the major strategy of the company. ISO 9000 certification also benefits the customer in the domestic market. Says Mehta, "We tell the companies who come to us for training not to adopt ISO 9000 just to get a certificate. They should believe that it will improve their business performance and the certificate is incidental." Most of the people working for the certification agree. According to B.N. Bhaumik, export manager of the Calcutta-based Flakt India companies, with ISO 9000 certification, the group will certainly have an edge over other companies in the domestic market. "There is a cost benefit for the company. It will show in the bottomline," says V. Srinivasan, vice-chairman, W.S. Industries.

Baliga Lighting Equipment Private Ltd, a small Madras company, makes explosion proof electrical products, which require very high safety standards as its customers are mainly hazardous industries. The company is not exporting its products at the moment. However Suresh Baliga, the company's young director, feels that the products by their very nature should adhere to high quality standards.



W.S. Industries: accreditation an essential part of its export plans

Streamlining activities

Even companies which have well established systems have found that ISO 9000 makes them look at things differently. Says K.V. Krishnamurthy, deputy general manager R & D, SFL, "The whole exercise made us streamline certain activities. It helped us to get rid of obsolete documentation." Widia found that the ISO 9000 documentation required the company to have a foolproof system of instrument calibration. "Under normal circumstances you don't bother to check this. But the ISO 9000 forces you to do it," explains R. Srinivasan, managing director Widia. Usha Martin Black is setting up a standards room for calibrating their measuring and testing devices.

Today many companies would like to jump on to the ISO 9000 bandwagon. But there is a stumbling block. There are no accredited agencies in India which can give the companies ISO 9000 registration. ISO 9000 registration means the certification of the quality systems of the company by a third party through their mechanism of registration. The accredited independent third party audits on site the company's operations against the requirements of the appropriate standard. Upon successful completion of this audit, the company will receive a registration certificate that identifies the quality systems as being in compliance with the ISO series. It is not a permanent certificate. The quality audit will be done every three or six months and it will be reviewed once in three years.

Stringent requirements

SFL got its accreditation from Bureau Veritas Quality International (BVQI) based in the UK. WS Industries got its certification done by Standards Australia. Not anybody and everybody can become an accredited certifying agency. The process began in the UK where the Department of Trade and In-

dustry appointed the National Accreditation Council for Certified Bodies (NACCB) to accredit certain agencies to register suppliers under the appropriate standard. These registering agencies have to meet stringent requirements regarding how they perform the registration, acquire assessors, ensure the quality of their service, and maintain their records. The most important certification body is, of course, the British Standards Institute (BSI).



Sundram Fasteners: first on the ISO bandwagon

The UK is way ahead of other countries in this regard. It now has more than 10,000 firms registered under ISO 9000, 17 accredited third party certification agencies (plus seven under review), and more than 1,100 lead assessors. Germany and France are moving ahead with registration systems and auditor training. So also are smaller nations like Belgium, Denmark, and Finland.

India has one standards developing body which is the BIS. The problem is that it is really a government organisation (under the ministry of civil supplies) which has specialised in product standards alone. It has not worked on quality standards. Internationally, the agency which formulates product standards does not work on quality standards.

BIS certainly has a vast infrastructure at its disposal. According to Lal, BIS is aware of the magnitude of the work involved to equip Indian industry to move towards ISO registration. A major task ahead of it is to set up an ISO 9000 registration body. "We have already trained 60 of our officers (who were chosen after written exams) by a well-known firm of UK consultants. We are also trying to tie up with one of the European national accreditation boards to set up a certifying body. To do that our own systems have to go through a quality audit. We are going to work with expert European consultants to achieve this," says Lal. BIS also has to get its regulations modified by an act of parliament.

Credibility problem

BIS has a credibility problem in the industry. Comments one of the quality control managers in a company working for ISO 9000 certification, "BIS is like a hockey team saying how well they are playing, but not scoring a single goal." The BIS product standards are not internationally acceptable. "Every one of the BIS product standards are a one to one copy of American and UK standards. So why are they not recognised internationally?" asks an industrialist.

BIS has essentially been meeting local competitive needs. As its officials point out, it is the best in developing countries. But the world is changing at an incredible speed. ISO 9000 is fast becoming a *mantra* for Indian companies wishing to keep pace.

The CEI, which is helping its member companies in getting the registration done by outside bodies since 1989, is currently working with about 30 companies. Nearly 100 companies are in the queue. CEI's TQM division is expanding its staff. V. Krishnamurthy, former chairman of SAIL, is now chairman of CEI's national committee on quality. He is fully aware of the urgency of the situation, "Very soon the ISO standards will become the very prequalification for bidding in the EC markets," he says. BIS is starting a precertification assessment scheme in the next two to three months. But all this is far from adequate to fulfil the need.

The ISO series are fast becoming bench marks outside Europe as well. For companies in the electrical industry to get a certificate from BASIFA of the UK or for companies wishing to get American Petroleum Industry certification, an ISO 9000 registration has become the first prerequisite. In Hong Kong all the contractors have to get ISO 9000 registration. In Britain, the new members of any trade association have to have ISO 9000 certification. It is quite possible that World Bank tenders will start insisting on this registration.

It must also be remembered that the ISO 9000 series is just the beginning. It is the minimum required quality standard. It is really a subcomponent of total quality management. The standards do not relate just to the manufacturing industry. They will cover service areas like hospitals, hotels and so on. The EC standards related procedures are still in the process development, and changes have to be anticipated. The European Committee for Standardisation is working towards much tougher standards. Can India rise to the challenge of a standards dominated world market?

■ SUSHILA RAVINDRANATH

The five standards

There are five standards in the ISO 9000 series. The ISO 9000 standard provides some basic definitions and concepts and explains how to select and use the other standards in the series.

The ISO 9001, 9002, and 9003 standards are for use in internal quality assurance purposes for contractual situations. ISO 9001 is to be used to ensure conformance to specified requirements during design and development, production, installation, and servicing. ISO 9002 is used when only production and installation conformance is to be ensured. ISO 9003 is the least detailed standard and requires only that conformance in final test and inspection be ensured.

ISO 9004 contains guidance on the technical, administrative and human factors affecting the quality of products and services. This standard is for internal use only and is not to be used in contractual situations. The standard lists the essential elements that make up a quality system in some detail, starting with the responsibilities of management. Whole sections are devoted to each aspect of the quality system: marketing, design, procurement, production, measurement, post production, materials control, documentation, safety, and use of statistical methods. This standard could be used to evaluate a company's progress toward a fully-implemented quality system.

HINDUSTAN FERODO

No more jingle-bells

Hindustan Ferodo's Ghatkopar plant in Bombay is calm once again. The management and the 1,500 workers have reached an agreement last fortnight which resolved a lockout that had begun in October last year. Raghu Mody, chairman of the company says, "I have removed the gloves from the union's hands and put it on the hands of the management." The managment has wrested substantial concessions from the union.

Ferodo's performance over the last couple of years has been lacklustre. Hindustan Ferodo has four plants, all based in Maharashtra. Three of them — at Ghatkopar, Paithan and Bhandara — manufacture the company's main products — most of them asbestos-based, like clutch and brake linings. A fourth plant in Jalna, manufactures clutch assemblies. T and N plc (formerly Turner and Newall), holds 39 per cent of the equity and Raghu Mody of the Rasoi group holds 27 per cent. Mody handled the negotiation. "I stuck to my guns," he says.

High labour costs

Ferodo's main stumbling block has been high labour costs. Its wage costs as a percentage of sales was almost 32 per cent while that of its competitors like Rane Brake Linings and Sundaram Abex was only 10-11 per cent. The problem was most acute at the Ghatkopar plant, set up in 1956, where a strong union had managed to secure generous wages and other benefits. It had also become woefully overmanned.

According to Amar Singh, the managing director, the DA formula that the company used tended to overcompensate the workers for inflation. However, the management and the workers' union differed on what needed to be done. The workers have been represented by the CITU Engineering Workers Union since 1985. Vivek Monteiro, the secretary of the union, recalls that he was unable to assure the workers that the union would be able to help them to keep their jobs.

After a meeting with Mody last year, it became evident that the management wanted a reduction of 504 workers. According to Mody, the number of workers has already been reduced by about 139 through a procees of natural attrition since he took over as chairman in January, 1988. In a counterproposal unprecedented in Bombay labour union history, the union offered a 10 per cent increase in productivity with no immediate financial quid pro quo.

The last settlement between the workers and the management expired in 1987. Singh says that the charter the union presented would have cost the company Rs.2 crore per annum in wages. Monteiro suggests that it was not really a serious demand but a bargaining ploy.

Wrangle over bonus

Things chugged along till October last year when a dispute arose over the payment of workers who were not covered under the bonus act. The company agreed reluctantly to pay the bonus if the workers agreed to fulfil the union's offer of increasing production by 10 per cent.

According to the union, all workers agreed to the productivity increases. However, some departments later felt they could not boost production any higher. The management then withdrew the offer of bonus. An act of violence by some workers, which followed, led the management to declare a lockout.

The management's contention, following the lockout, was that unless there was a sharp reduction in employees' cost, the survival of the unit was at stake. It recognised that a reduction in wages was difficult and so decided to reduce the workforce instead. In negotiations following the lockout, the absolute minimum condition acceptable to the management was the lay-off of 200 workers.

The union agreed that at any one time 200 workers will sit out for six weeks at a time. And during that period, they will be paid 50 per cent of their salary. The main reason for this was the union's consistent reluctance to accept a forced reduction in the workforce. Mody, however, believes that the workers would be willing to go if they get a separation compensation of approximately Rs.1 lakh. The company would need about Rs.2 crore which it expects to raise in a couple of months.

Along with the 10 per cent increase in productivity, the union has decided to redeploy some of the workers, which in effect means a 17 per cent increase in production. It has agreed to let the management decide where it wants to deploy equipment and how to operate the night shift. The subsidy on the canteen has been cut down from Rs. 50 to Rs.15 lakh. Revisions of DA have been frozen for one year. The change in formula for calculating DA is to be decided through arbitration as the union is understandably unwilling to accept a permanent freeze.

The agreement has been welcomed by the management. "The union had been very wise," says Singh. Mody is more blunt: "The management has stopped playing Father Christmas." The union is obviously more cautious but hopes that the management will take the opportunity to turn the company around.

■ EAPEN THOMAS



The main stumbling block has been high labour costs

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The news is good

In an otherwise depressing year for the Indian economy, agriculture promises to be the exception. Following a third successive good monsoon, harvest estimates for fiscal 1990-91 stand at 177.2 million tonnes (mt), marginally beyond the target of 176.5 mt. Having added 6.5 mt to last year's production of 170.63 mt, this gave agriculture a healthy growth rate of 3.44 per cent. Says agriculture secretary R.C. Kapila, "This gives us confidence to aim for an overall 3.3 per cent growth rate during the eighth plan."

The weather has been unpredictably good — three consecutive good monsoons have never occurred during this century. Forecasts for next year by the meteorological section in the department of science and technology, however, predict a marginally depressed monsoon (a ten per cent variation from either side of the country's trend average of 88 cms of rainfall is considered normal).

"Quite obviously water management holds the key to future improvement in production," says K. Rajan, joint secretary in the ministry of agriculture. Most major reservoirs monitored by the central water commission hold 40 per cent more water than the average over the last seven years . Consequently, a 15 per cent higher water availability is anticipated just before kharif sowing in mid-May.

Watershed development scheme

The watershed development programme for rainfed areas (70 per cent of India's arable land is still rainfed) which the agriculture ministry is pushing aggressively in conjunction with the state governments, should also help production considerably. The state and central outlay for this programme in 1991-92 is expected to be Rs.2,253.33 crore. The advantage of this form of irrigation is that it is a low technology project and needs little investment. All it needs is vegetative bunding, gully plugs and contour planting to retain soil moisture.

The rice harvest, too, has been exceptional this year, touching 75 mt for the first time (it was 74 mt in 1989-90). But this figure could have been better had the winter rains in Tamil Nadu not been delayed or if the south-westerly monsoon had broken on time. "We might have lost a million tonnes there," says an agriculture ministry bureaucrat. "Even when you talk about a good monsoon there can be substantial variations across regions that can affect harvests."

This variation was most noticeable in Gujarat where poor summer rains destroyed its groundnut crop. But that was made up by excellent rabi (winter crop) harvests following good winter rains in the rest of the oilseed producing areas, Rajasthan and Haryana. Madhya Pradesh substantially stepped up its production of soyabean to 2.44 mt from 1.71 mt in the previous year. Total oilseed production then finished at 19.2 mt, rescued primarily by the winter crop of rapeseed and mustard (5.6 mt versus the previous year's 4.12 mt).

Wheat, too, registered substantial gains. Estimates, even though uncertain as since rabi marketing is still underway, are pegged at 54.6 mt, from 49.65 mt in the previous year. The worrying aspect this year, however, has been the low market arrivals in Punjab. Even when this year's production is higher by an estimated 4.95 mt, Food Corporation of India's purchase has been lower by 1.2 mt than what it accomplished at a similar time last year.

Likely production of principal commodities *(million tonnes)*

Rice	75.01
Wheat	54.57
Coarse Cereals	33.42
Total pulses	14.23
Total foodgrains	177.23
Total oil seeds	19.22
Sugarcane	233.45
Cotton (million bales)	10.23
Jute and Mesta (million bales)	8.98

Observers feel that farmers are withholding stocks in anticipation of the new government announcing more lucrative support prices. "Not submitting to distress sales is also a symptom of the substantial purchasing power available with farmers," says an FCI official.

Production of pulses, the other deficient crop apart from oilseeds, also increased by 15.7 per cent to 14.2 mt from last year's 12.61 mt. Pulses, presently, are an unattractive crop owing primarily to their vulnerability to diseases. Substantial research for the introduction of disease-resistant and higher yielding varieties needs to be done. The higher risks associated with these crops are turning farmers away from pulses to wheat, which is both more stable and where high yielding varieties are available.

Sugarcane production is nearly 233.45 mt, another record. Anticipated sugar production is expected to cross eleven mt. For cotton the ministry's estimates production of 10.6 million bales. The figure was brought down from the earlier 11.4 million bales owing to the reduced cropped area in Gujarat and Punjab, and the crop being affected by a blight.

For next year, the consensus at the annual conference of state agriculture secretaries was that the transfer of improved technologies to farmers was the most important objective. Greater attention would be devoted to crop demonstration programmes and contingency plans in case of weather aberrations would be another priority .

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ARIF SHARIF



Three consecutive good monsoons have helped harvests

Putting our R&D right

A recent study by ASSOCHAM gives some interesting data. The US's per capita expenditure on R&D in 1985 was 210 times that of India, of Japan 140 times, and of South Korea 19 times. Available data also shows that total factor productivity in Indian industry has been poor in the period 1965 and 1975 and very low, at 0.8 per cent per annum, from 1975 to 1981. In the latter period, Japan had a total factor productivity of +3.1 per cent per annum, and South Korea of +5.7 per cent per annum.

This shows that India has lagged behind other countries in effective and proper use of inputs. Our industries have not been competitive — to a considerable extent, this is because of the overprotection, uneconomic size, and most importantly, the low level of our technologies. However, the expenditure on R&D in India cannot be said to be small. In 1989-90 expenditure on R&D was Rs.4,003 crore compared to Rs.2,068 crore in 1985-86, Rs.760 crore in 1980-81 and Rs.140 crore in 1970-71. Expenditure has increased by a third in the last five years, almost doubled over the decade, and gone up by 28 times in the last two decades.

Yet, the survey conducted by ASSOCHAM shows that Indian companies perceive serious gaps in technology, as compared with units abroad, whether in developing or developed countries. These gaps range from around five years to twenty years and cover almost every aspect of production. These gaps are in addition to the high unit cost of production because of high indirect taxes, their cascading effect, and the high cost of many key input materials.

No proper focus

The problem does not appear to be because of the inadequate expenditure but more due to the broad spectrum of areas on which research is conducted in India. We have not picked a limited number of areas for special study and focused most of our expenditure on those limited areas. Further, over 89 per cent of our R&D expenditure is spent by CSIR (Council for Scientific & Industrial Research) labs which are funded and controlled by government. As against this, in Japan as in other industrialised countries, most of the research and development is by the private sector.

Even in countries like France, Germany, UK and USA, where the government is an important source of funding for research, the actual spending is almost entirely in the private sector. This unfortunately is not the case in India, where CSIR expenditures are incurred by laboratories controlled by the CSIR. We have in India a bureaucracy for every aspect of our functioning — in culture, in education, as well as in research.

The relationship between research done in government laboratories in India and its ultimate use is not sufficiently close. The prospective user is not much involved in the initiation of the research and the various stages of its progress. This ultimately results in a low level of acceptability of the research results by the prospective users.

The prospective user tends (whether in the public or the private sector) to go for imported technologies. Here again, our control systems are so rigid that the payments made for technology imports are considerably restricted. The result is that the technology seller more often than not tends to limit the technology that he transfers to us.

Technology transfer is not merely the supply of machinery or drawings. It is ultimately dependent on the human interactions between Indian technicians and their counterparts from the technology sellers. It requires a great deal of openness by the technology seller. The technology seller is unlikely to be open unless he is sufficiently remunerated for his effort. It is in this context that there is a case for permitting equity investment by technology sellers in order to give them a stake in the local companies and provide the local company with full access to the latest technology.

Marketing approach

As far as government laboratories are concerned, a possibility is to privatise them by asking them to find an increasing proportion of their budget — perhaps upto 50 per cent — from payments made by users and prospective users. This will compel a much greater degree of interaction and exchange between the final user and the scientist. This is in fact a marketing approach to research — with the research laboratory marketing its expertise and getting paid a price which is related to the value that the final user perceives he derives from the research. At present, such income is a fraction of the expenditures of these laboratories.

Of course this will not be an adequate solution. If research is going to be actually used, the user must be involved at all stages of the research process, and the researcher must have a close knowledge of the user's operating conditions and business objectives. This will come about if the research laboratory works like an advertising agency and has account executives who are frequently in touch with the user. The account executive 'translates' the differing languages of the two parties — scientist and user — to each other, and ensures at each stage of the research that it is in keeping with the requirements of the user. This does mean that research is more oriented to finished products and processes, and less to basic research. Some prioritising of expenditure on both is called for, in keeping with the thrust areas identified for the future in the country.

In the context of the growing debate in India about subsidies, questions of efficiency have come to the forefront. The principle of efficiency demands that whatever we do produces the most optimal results from our expenditures. From this point of view a good part of the expenditure on subsidies is felt to be unproductive, and many times not serving the purpose for which the money is being spent. It is only a question of time before our expenditures on research and development — at present primarily through government laboratories — come to be questioned on the same grounds. The change in attitudes proposed here should go a long way to improve the efficiency of our research and enhance the competitiveness of Indian companies in world markets.



S. L. RAO

The author is director general, National Council of Applied Economic Research, New Delhi

INDIAN EXPRESS

Succession battle ends

A five-year long wrangle for control of one of the largest media empires in the country ended last fortnight, when Ramnath Goenka, the chairman of the *Indian Express* group of newspapers announced that he had adopted his own grandson Vivek Khaitan, now 33, as his son.

The decision to hand over control to Khaitan might have been influenced by his failing health, though in the past he has always managed to bounce back. And while retaining a fairly tight control over his newspapers, he had given his daughter-in-law, Saroj Goenka, quite a powerful position in the company about seven or eight years ago.

Subsequently, he inducted Vivek Khaitan and Manoj Sonthalia, the sons of his two daughters, into the group. At that stage, the roles that he envisaged for his two grandsons were not too clear. Unfortunately, with the advancing age of Ramnath Goenka, a internal power struggle developed, in which Saroj Goenka found powerful allies in Sonthalia and editorial adviser S. Gurumurthy. Then, about five years ago, it appears that Ramnath Goenka's thinking began to crystallise around Vivek Khaitan.



Vivek Khaitan: taking over the empire

In charge

Khaitan, who has now changed his name to Vivek Goenka, is at last firmly in charge of the Express chain, having direct control of Indian Express Newspapers (Bombay) Ltd which publishes its two largest editions, from Bombay and Delhi as well as four others based in Pune, Ahmedabad, Baroda and Chandigarh. Of these, only the Bombay edition makes a profit.

However, the status of the relatively smaller southern operations, which for tax reasons come under a separate company, Indian Express (Madurai) Ltd, is still not quite clear. It is currently run by Sonthalia, who lost out to Khaitan in the race for total control. Indian Express watchers have long speculated whether the southern editions would break away completely from the rest of the Indian Express chain. Khaitan, however, rules out that possibility.

Ramnath Goenka made the announcement from his bed in Bombay's Breach Candy Hospital on 16 May 1991, his eighty-seventh birthday, in the teeth of fierce opposition from Saroj Goenka, Sonthalia, Gurumurthy and, according to some, ex-editor Arun Shourie. Though the legal formalities of his adoption of Khaitan as his son had been completed in January 1990, it was kept a closely guarded secret while the old man tried in vain to persuade his relatives to support his decision.

"I, too, initially disagreed with the idea of being adopted," Khaitan told *Business India* a day after it was made public. But he gave his consent when Goenka pointed out that it was also for sentimental reasons (since there was no one to carry on the family name). Goenka's only son, Bhagwan Das Goenka, (Saroj's husband) died childless about ten years ago.

But there is no denying that the announcement was intended as a clear signal to Khaitan's detractors that they were not going to have things their way. In fact, insiders say that the octagenarian Goenka felt the Saroj Goenka-Sonthalia-Gurmurthy axis had become "too powerful" and the adoption route was intended to cut them to size. Neither Sonthalia nor Gurumurthy could be contacted for their comments. The timing of the announcement too must have been planned well in advance since Goenka's current round of hospitalisation, which began on 5 March this year, got very little publicity. Even his own newspapers which used to give an update every few days did not mention anything for weeks together.

Interestingly ever since Khaitan's adoption was finalised 15 months ago, Gurumurthy, who authored the widely-read series of articles on the Reliance group of companies in 1986-87, has slowly and steadily opted out of the Express inner circle. Also Saroj Goenka, who had been actively involved in the running of the paper's southern editions after her husband died, seems to have been sidelined of late.

Freedom of action

All this while, Khaitan was being groomed to take over the Express empire. Vivek has had a 51 per cent shareholding in the Bombay company since 1986; had been in charge of the Bombay, Ahmedabad and Pune editions for the last few years and took control of the Delhi edition over a month ago. Now with a majority share holding in the Bombay company (believed to be close to 70 per cent) and three additional directors, Nusli Wadia of Bombay Dyeing, veteran journalist S. Mulgaokar and Venu Srinivasan of the Madras-based TVS group on the board to support him, Vivek Goenka has all the freedom to implement fresh plans to take on perrenial competitor, the resurgent *The Times of India*.

The work environment within the organisation has become more conducive, new technology has been inducted and the library is being enlarged. The group managed to launch a Marathi evening paper in Bombay within 12 days. A Sunday paper is on the drawing boards. Many journalists who left the paper because of interpersonal problems with specific individuals may be invited to rejoin. "If finances permit, we will expand from 14 editions at present to 20 within four years," says Vivek Goenka.

Also expected to make a difference is the coming of the new editor, Prabhu Chawla, at present senior editor of *India Today*, who is due to join the *Indian Express* chain in the first week of June.

■

SUMIT GHOSHAL

RBI's move for stability

The Reserve Bank's decision to enter the forward market in foreign exchange has received a reception ranging from the cautious to the enthusiastic. It has been a long standing demand of the banking community.

Shantanu Rastogi, head of the foreign exchange department at Citibank, for instance states that an article which appeared in Citibank's annual letter made certain suggestions about how such a scheme could function. He points out that the forward exchange market has been in existence since the late seventies. It however became really active after 1984. What precipitated the change was the steady depreciation of the rupee. Prior to this period, the dollar was quoted at a discount against the rupee. In other words, the expectation was that the rupee's value would go up against the dollar.

However, after this period when it became clear that the rupee was headed south against the dollar, it became necessary to cover the rupee depreciation risk. This applied to importers as well as borrowers in foreign currencies. The forward market was essentially short-term, it offered cover for up to six months. However, the development of instruments like the long-term forward cover (rollover cover) afforded protection for customer's who had long-term foreign currency liabilities.

As the demand for forward cover increased, the dollar began to be quoted at a premium against the rupee. This was a result of the way the market functioned. The premium was determined by the demand and supply for foreign currency within the country.

Obvious mismatch

Under foreign exchange regulations, banks are prevented from having access to international money markets. The foreign exchange for the forward markets has to be supplied by exporters. As the demands of importers were obviously larger, there was a clear mismatch which resulted in increased volatility.

Banks could buy spot or forward on the interbank market. They could also buy spot from the Reserve Bank to cover their customers transactions. They then swapped this among themselves to provide forward cover.

The dollar-rupee premiums worked out on the average to fairly reasonable levels between 1984 and 1987, as the dollar-rupee exchange rate remained fairly steady. After this period, the situation has been very different. The rupee-dollar premiums have been very volatile, and sometimes forward cover was just not available at a reasonable rate. That is, the premium was more than the rate of depreciation.



RBI HQ: another source of cover in the forex forward market

Rastogi states that organisations like the Foreign Exchange Dealers Association of India and banks like Citibank argued that the Reserve Bank was actually paying out foreign currency by not providing forward sale of the same. They pointed out that to provide forward cover to customers, banks would have to buy spot sterling or dollars months before they needed it. They could then swap it amongst themselves to provide forward cover. In fact, the Reserve Bank could have retained the foreign currency if it was in the forward market.

RBI's initial reluctance

Some bankers feel that the Reserve Bank showed some reluctance to enter the forward market because it would be construed as an act which would help importers rather than exporters. The bank's terms are not at all flexible. It will provide forward cover only for three months or six months and not for any period in between.

Offering exact maturities is not very helpful for any import transaction where the maturity cannot be very precise. An importer expecting a shipment may not know which day a ship may come in. An option of one to 30 days and other variations which the interbank market offers, provide enormous flexibility. In spite of other bankers reservation, Rastogi, however, welcomes the RBI's entry unreservedly. He suggests that it is not really necessary that the Reserve Bank be in the market all the time, but its presence will help provide liquidity to the market.

Other bankers are more cautious in their reaction to RBI's entry. One concern is, how long does the bank plan to stay on. Is the move only a temporary one to mop up foreign currency or an attempt to stabilise the market? They are of the view that the RBI's entry would placate any fears of default, given the precariousness of the balance of payments situation. It would also provide another source of cover, besides that of the large nationalised banks which already have large commitments.

Besides these, bankers point out that the RBI is charging a premium which is slightly higher than that operating on the interbank market.

Banks, both Indian and foreign, would be tempted to bring in foreign exchange to play the Indian money market, as it offers rates as high as 40 per cent. So there would be a temporary accretion of foreign exchange.

But whether the Reserve Bank's entry really stabilises the forward market remains to be seen.

■ EAPEN THOMAS

AIR INDIA

Flight time or fight time?

On 28 October 1990, Delhi-bound passengers of Air India (AI) had a harrowing experience. After spending most of the night in the aircraft, they were ferried to a hotel and told to come back the next evening. AI's loss over the cancellation: Rs.8 lakh in foreign exchange. The reason: had Manohar Sharma, co-pilot of the aircraft, exceeded his "flight duty time limitation (FDTL) by 25 to 30 minutes, he would have been fatigued and therefore a safety hazard".

There have been conflicting opinions from different sources as to why the particular incident got blown up into a maelstorm. Whatever, the enquiry into this incident and the show-case notice issued to Sharma led to the latest confrontation between AI's pilots and management.

In any case, as the statutory authority for civil aviation in the country, DGCA is empowered to take decision in all such matters as delays, revenue loss and other failings in civil aviation. In accordance with the rules, AI's director of operations, Captain Mathur sent a full report to DGCA on 8 November. A personal hearing was held on 20 February 1991.

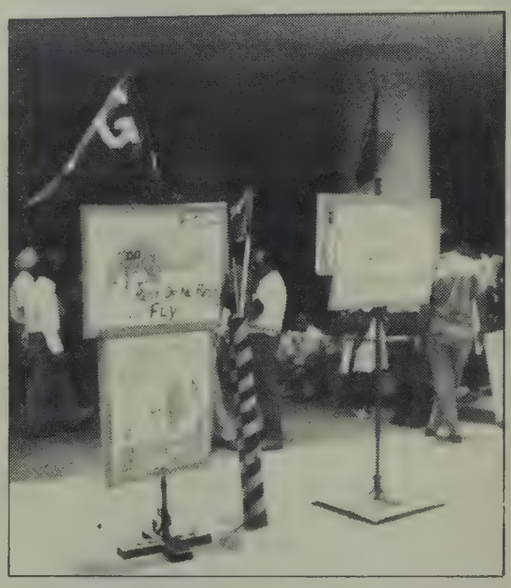
Sudden strike

On 5 May 1991, after a mere eight-hour notice sent in at 4 pm to the secretary, civil aviation, and the director personnel, AI, the pilots owing allegiance to the Indian Pilots Guild (IPG) went on strike. The acting chairman and managing director, S.R. Gupte was not informed directly.

The AI strike, at a peak period in May with heavy outbound holiday traffic as well as Gulf-bound passengers, has caused the airline a revenue loss of about Rs.10 crore. The airline's image, assiduously built up by the recently refurbished Rs.38-crore exercise, could well suffer a backslide.

The airline, of course, inured to regular threats, had been adequately prepared to meet the contingency. Within four days of the strike call, it was able to resume 80 per cent of the flights, operating with its executive pilots.

The matter was placed before the regional commissioner who admitted 'failure of talks' between the confronting parties and the matter was then referred to the chief labour commissioner. On 16 May, the strike was declared illegal since



Striking pilots: unreasonable tantrums?

the statutory notice period was not given. In the meanwhile, AI had 'suspended' those pilots who had not reported for duty.

In the past, there have been innumerable instances of 'walkouts' by AI pilots over FDTL. B.P. Singh, general secretary of the IPG, says, "Almost every pilot had gone through at least one or two such incidents. FDTL is sacrosanct and in no way should a pilot compromise on this. The only consideration is the safety of the aircraft."

But AI chief of public relations, Jitendra Bhargava thinks differently. "It is a case of shifting stances for the IPG in the particular confrontation. First they take the industrial action and then decide to blow up the issue and finally start building up the defence."

The manufacturers of the aircraft as well as the airworthiness authority, and the Federal Aviation Authority of the US have taken all factors like crew fatigue, rest period, etc, into consideration and has laid down a maximum of 12 hours of flight time for a crew of two pilots and one flight engineer during any consecutive 12 hours. In Belgium, it is 16 times for a similar crew and in Switzerland, 14 hours. Air India is more on the conservative side in fixing FDTL.

The IPG has made FDTL the fulcrum of its case, to protect Sharma from the wrath of the DGCA, AI and perhaps even the public. If the mutually agreed rules are stringently applied, Sharma would appear not to have committed an irresponsible act, but had actually acted in the interests of passenger safety. If there had been an accident while landing, then the pilot would be the first to be blamed. Landing and take-off are the most stressed periods for a pilot and the most crucial for any aircraft.

Now, would most of the 244 passengers condemn Sharma for what he did on the night of 28 October? Despite agreeing wholeheartedly on air safety, most of the air travellers did not agree on this. They felt that whenever AI pilots wanted something, they raised the safety flag and played on passengers' susceptibilities.

Both Gupte and Bhargava assert, "We have bilateral agreements on FDTL and it is fixed according to law and the aviation requirement. The other component is responsibility."

According to AI, FDTL is the main bee in the IPG bonnet. But there have been skirmishes over petty issues too. In August 1990, when AI was preparing for the massive airlift of Indians from Amman, the pilots went on a flash strike saying that British Airways had already evacuated their crew. In reality, BA had evacuated only three months later. A letter by the guild to the press stated that their agitation was restricted only to commercial flights, not the airlift. But the whole operation was paralysed. Even though Dubai, Muscat and Doha were outside the war zone, the pilots, unlike those of the other airlines, refused to operate there. To reassure the Indians in these stations, executive pilots had to operate flights.

Fortunately for all concerned, the latest strike was called off on 20 May, after a round of talks with the civil aviation secretary, A.V. Ganesan. Negotiations by the four-member delegation, including Kenneth Khan, president of the IPG and the general secretary Singh, seem to have gone off amicably. Asked whether the strike was called off unconditionally or whether their terms had been accepted, Singh says, "All I can say is that the secretary has been very cordial and understood our insistence on FDTL's sacrosanct nature. We have been amply reassured."

But the public's image of airline pilots as petulant prima donnas throwing unreasonable tantrums, seems to have been confirmed, gaining credence through every such confrontation. It would require a lot of effort to reaffirm the faith the airline user once had in the Maharaja. ■

PADMA RAMNATH



Ludhiana: longing for self-rule

The people of Ludhiana had a taste of local self-government recently when they voted the Bharatiya Janata Party to power in the first-ever corporation elections in the industrial town. This has kindled a new hope among the businessmen in the town who have been harried by kidnappings and extortions for several months now. More significantly, the elections have set the tone for the forthcoming assembly elections.

"We are sick of dealing with narrow-minded and indecisive bureaucrats," says Jawahar Oswal, chairman, Oswal Woollen Mills Ltd. "It's time we had our own elected representatives running our lives." Oswal thinks that the fear of guns dominating voting in the state is also overplayed.

P.D. Sharma, president, Ludhiana Chamber of Industrial & Commercial Undertakings, also believes that there is no alternative to local rule in the state. "The administrative emphasis of Central rule has left industry and commerce in Ludhiana and in the whole of Punjab neglected," he says. According to Sharma, the worst thing that terrorism has done to business in the town is that it has hampered the circulation of money within Ludhiana. In addition, it has also stopped the inflow of black money from nearby cities leading to a working capital crisis for most of the medium and small units in the town.

Real estate boom

Dinesh Oswal, managing director, Nahar Spinning Mills Ltd, says that during the last six months a great deal of money generated in Ludhiana has got blocked in real estate in Haryana. The demand for land, he says, in Panipat district in neighbouring Haryana has boosted the per square yard land price to Rs.50,000. Panipat is being looked at by the Ludhiana hosiery barons as a site for refuge as this town already has some infrastructure for the industry. Besides Panipat, Ludhiana hosiery makers are also diverting fresh investments to nearby districts in the neighbouring states of Himachal Pradesh and Uttar Pradesh.

O.P. Munjal, managing director, Hero Cycles Pvt Ltd, believes that Ludhiana is still the best place in the country for businessmen. He thinks the kind of infrastructure available for hosiery and cycles in the town has not been and cannot be duplicated anywhere else in the country.

Unlike Jawahar Oswal, Munjal thinks that the assembly elections may not do any good to the state. "Nobody can dispute that the elections will be won by the militants at gunpoint. The theory of giving them the rope of responsibility to hang themselves with is bunkum. Today, the state forces point their guns at the troublemakers, tomorrow they only will be directing state guns."

Munjal's apprehensions notwithstanding, the local municipal elections have given the people of Ludhiana hope that soon they will have their own government in the state, which they hope will be more sensitive to their problems and aspirations than the Centre has been.

■ FEROZ AHMED

PONDICHERY

Industrial ambitions

The Pondicherry government is making an effort to industrialise the union territory with labour-intensive, pollution-free industries like electronics, machine tools and engineering, and agro-based ones.

Toward this end, the Pondicherry Industrial Promotion Development & Investment Corporation Ltd (PIPDIC) — which was set up in 1974 — is trying to woo entrepreneurs with a package of incentives. The promises include quick disposal of investment proposals through an 'escort service'. Says Siddeshwar Sahu, managing director, PIPDIC, "Our plus points are power and labour, and land is easily available."

These factors have drawn big names like the Thapars, Hindustan Lever, Ponds and Larsen & Toubro. PIPDIC has catalysed diverse units in the last four years, including a ready-to-eat 'wheat eats' unit, a cordless telephone manufacturing facility and a vanaspati unit. A frozen shrimp plant and a fault trip unit are on the anvil.

The Pondicherry government's efforts have however not been entirely successful. Sahu candidly admits that 30 per cent of the units started in the state are non-functioning or sick. The factors identified for such failures range from choice of wrong projects to lack of management. Moreover, in 1988, the union government withdrew the central investment subsidy, and this has led to a decline in applications to set up units.

Even as the government tries to grapple with this problem, a massive effort is on to increase the tourist traffic to the union territory. In this endeavour, the special focus is on French tourists as they have a special affinity to Pondicherry.

The tourist potential has also attracted private-sector entrepreneurs. Mahindra & Mahindra has tied up with Day's Inn to set up a 80-room hotel in Pondicherry with satellite booking facilities. Incidentally Hotel Ashok, a joint-sector venture of PIPDIC and ITDC set up five years ago, is doing good business, with 85 per cent occupancy.

■ PADMA RAMNATH



Fishing failures

With a coastline of 483 kilometres spread over four of its districts, Orissa has the potential to be a major harvester and exporter of seafood. Going by the quantity exported it would seem that some of this potential *is* being realised — seafood exports jumped from Rs.36.44 crore in 1988-89 to Rs.50 crore in 1990-91. However, although the value of the exports have gone up sharply, the volumes have not. In the last two years it increased by just 1,000 metric tonnes.Says T.P. Patnaik of Falcon Marine Exports (P) Ltd, the state's largest shrimp exporter, "Our exports look good because the rupee is weak. Tonnage-wise we are not improving."

Looked at from another angle too, the performance is far from encouraging. The state's share of seafood exports is barely 6 per cent of the national total and that too mostly shrimps.

Explaining the causes of Orissa's lacklustre export performance, Patnaik says, "There is a total lack of infrastructural facilities and the government does not seem to be interested. We don't have a good fishing harbour. For the last two years, not a

single vessel has come to Paradip port. We take our cargo to the Calcutta and Vizag ports for shipment, and spend nearly 25 US cents per kg of the export value on transportation cost."

Given this scenario, some exporters seem to have wound up business or practically stopped making an effort. Though on paper there are about 30 shrimp exporters in the state, only seven are active.

Says Ramnath Pani, a fisheries expert, "Orissa has nearly 300,000 hectares of brackish water free of pollution or contamination. Of this, 25,000 hectares have been identified as suitable for prawn culture. One hectare of land can easily yield 2,000 kg per year in two crops. Considering the minimum cost of exportable variety of prawn as Rs.100 per kg, Rs.500 crore worth of prawn export is possible every year." At present, however, only 6,000 hectares of brackish water is actually devoted to prawn culture and, that too, in the traditional style, where the yield per hectare is hardly 200 kg.

Cumbersome procedures

Another obstacle is the non-availability of suitable leasehold land. Also, the procedure for allotting brackish water is cumbersome and time consuming. Ironically, Orissa was the first among the maritime states to conceive of brackish water fish culture and in 1981 had framed procedures for the allotment of brackish water areas on a 15-year lease.

Orissa's potential in deep-sea fishing too has remained underutilised, despite an early start. In 1975, a private company, New India Fisheries, bought the first two deep-sea trawlers to catch shrimps. This inspired several other private operators to take the plunge and the state's financial institution, the Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL), advanced loans liberally for the acquisition of trawlers. However, over time all the entrepreneurs lost interest and backed out, put off by the absence of infrastructural facilities and lack of cooperation from the authorities.

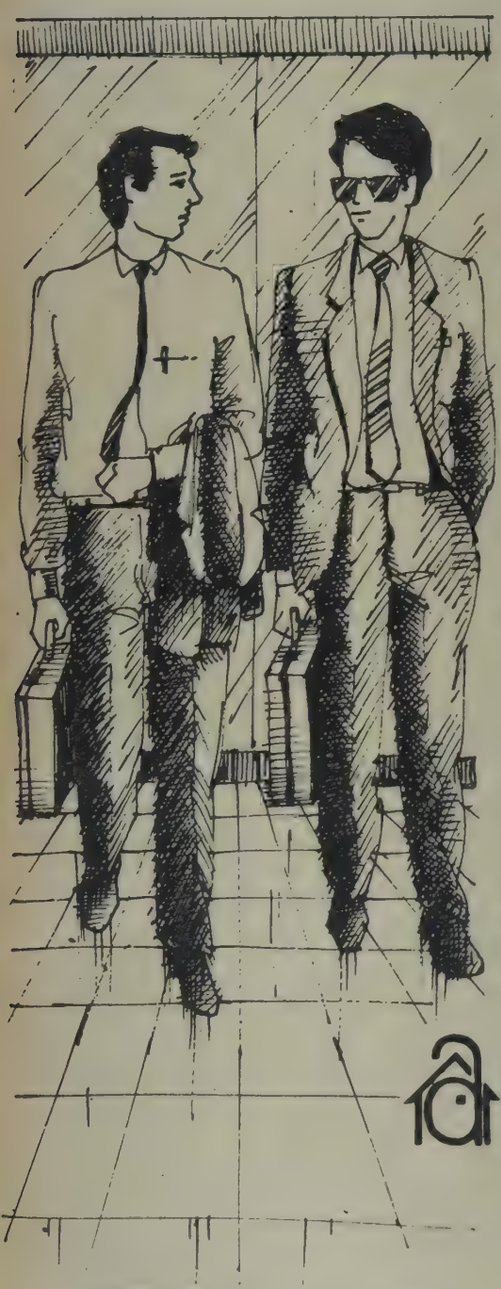
Most of the 600-odd small and medium fishing trawlers operating today are in a decaying condition. Due to the high cost involved in operating the trawlers and the meagre catch (as they use the traditional method) many operators are unable to pay back their dues to the financial institutions and some have even forfeited their trawlers to the FIs.

■

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NEPAL

New equations

With a shift in the system of governance from the palace to parliament, the new democratic regime in Nepal intends to give a freer hand to the private sector. According to the prime minister designate Girija Koirala, leader of the newly elected majority party, the Nepali Congress, "Nepal must build its infrastructure industries now and there is no way it can do so without private investment both from within the country and India."

Earlier, all trade and industry in the small Himalayan kingdom was controlled by King Birendra. All businesses and industries in Nepal were in partnership with some member of the royal family or those connected with them. Now, with a more open democratic set-up, the Nepali Congress wants to streamline the process for licences, permissions and loans so that all can compete and priority sectors have an advantage.

Indian investment even in key sectors such as energy and defence production would not be reversed.

Better chances

Since the policies are unlikely to be reversed, many Indian industrialists would like to explore areas of production which are closed to them in their own country. For instance, the Thapars are interested in setting up a paper factory with a plantation in Nepaganj in the hill kingdom. Says M.K. Raina, senior vice-president of Ballarpur Industries, "Since the equations between the two governments are at their friendliest level, now we have no hesitation in investing in that country. Also, it is a feasible option since plantations are banned in India and Nepal has very favourable terms for India."

One of the terms which Indian businessmen find attractive is the clause in



Big names in Indian industry are ready to enter the new venue

Indian business seems keen to exploit the little-tapped investment potential in the country. Already big houses like the Thapars, Raunaq Singh, Manmohan Singh, the Birlas, the Dalmias, Vijay Mallya and the Srirams are exploring possibilities of new projects in the tiny landlocked country. Eight MoUs were signed this year when the switchover to the more liberal regime was apparent to Indian entrepreneurs. Koirala was at pains to stress that interim prime minister Kishen Prasad Bhattarai's promise of allowing the joint communique which gives preference in treatment of basic customs duty to goods produced in Nepal with 65 per cent Indian or Nepalese raw materials. But the chambers of commerce from both the countries have suggested further liberalisation. They feel that the preference should not be given on a case to case basis with review every two years. Rather, broad guidelines should be set up for all industries.

Also, the treatment on customs duty should be cleared within a maximum of 45 days and the period of review specified then. This seems to be only fair, according to those dealing with the Nepal desk in the commerce ministry. They say that it would save time and help industrialists work out detailed costs. At present, Indian officials are waiting to discuss all the implications of this with their counterparts in Nepal once the new government is in place.

Sources in the foreign ministry say that they, along with their counterparts, are exploring new areas for investment, and that some work has already been done on this.

Export zones

The apex body for private industry trade in India, FICCI, is especially interested in the export processing zones which the government of India wants to promote in Nepal. A task force set up by them, in which N. Khandgi is closely involved, has chalked out several areas for setting up industry in these zones there. Detergents, soap cakes, aluminium tubes, fish farming, processing of mustard seed, pharmaceuticals, cement, paper, sugar, steel bars, cigarettes, electrical accessories, computer software and motorcycles are the items on the list.

Nepalese businessmen are waiting eagerly for their economy to open up. Says Banwarilal Mittal of the Nepal Chamber of Commerce, "Obviously, it means more opportunities for us too. A liberal government gives much more opportunity for individual initiative. Everyone will be treated on a par now." This seems to be true, at least according to party sources, who say that they will even allow all five-star hotels which fall under a certain category to have casinos. "Why should only the Oberois be allowed to run a casino?" asks a senior member of the Nepali Congress.

The policies of the new regime will definitely be more democratic, thus allowing more access to industrial development in the country. Tourism, of course will remain a major industry but now Koirala says they have to develop infrastructure industry on a parallel level. When asked about the lack of funds to develop this, the newly elected prime minister replied: "It is political will and not fianance which determines the path of development of a nation. And I will try to set up a system which is more democratic and liberal. And of cource with adequete encouragement to Indian investors too."

■ RUCHIRA GUPTA

WORLD NO-TOBACCO DAY

Spreading the word

In March this year, an eight-page newsletter titled "Tobacco Action Pack" was published by the AGHAST (Action Groups to Halt Advertising and Sponsorship by Tobacco) which is part of the Malaysia-based International Organisation of Consumers' Unions (IOCU). The countdown for World No-tobacco Day, to be observed on 31 May, had begun.

The tobacco action pack (TAP) spoke of a 200 per cent increase in tobacco taxation imposed a few weeks previously by Hong Kong's financial secretary. It also reported a law suit in the Australian Federal Court which the Australian Federation of Consumer Organisations had filed against the Tobacco Institute of Australia, following an advertisement by the Institute claiming that cigarette smoke did not cause disease in non-smokers.

On the No-tobacco Day itself, meetings, seminars and film shows are to be held across the globe; quit-smoking camps will be organised in that week and celebrities in many nations roped in so that the message is driven home in every way.

This is part of a concerted, global effort at public education which is now beginning to convince people that smoking not only harms those who do, but also those who do not. In fact many doctors say that "sidestream smoke", which the cigarette smoker does not inhale, is at least as dangerous as "mainstream" smoke which is inhaled. This is precisely what the Australian Tobacco Institute sought to deny.

Leading the war against the tobacco industry, which grosses more than $50 billion annually in the US alone, are the World Health Organisation (WHO), the IOCU, the International Union against Cancer and the United Nations International Children's Fund (UNICEF). Seven world conferences on "Smoking or health" have been held between 1967 and 1990; the eighth is scheduled to take place in Buenos Aires, Argentina, in April 1992.

These world conferences bring together health professionals from many areas of expertise — the seventh conference in Perth, Australia, in 1989 was attended by almost 1,000 people from all over the world.

Results showing

Now, after three decades of campaigning, the results are beginning to show. Slowly, the world over, people are moving away from Sir Walter Raleigh's gift. For over a decade, the Hong Kong Mass Transit Railway has been a non-smoking area. The same is true of the London Underground since 1987. It also decided to forego the 300,000 pounds that it would have received annually from the tobacco industry for advertising on its premises. Japan has made 114 of the 127 stations in its underground network smoke-free. The only stations in Japan's underground railway where smoking is still permitted are located at ground level. In New York in the US and the whole of Norway, smoking inside a taxi is prohibited by law and in Australia nearly half of all taxi cabs display no-smoking signs. Airline flights in 30 countries, including India, have been made smoke-free over the years and more than 70 countries including India have buses and trains that do not allow passengers to smoke. And this is not all.

Three European countries have decided to leave tobacco out of the so-called "shopping basket", the list of products used to determine changes in the cost of living. The first to do so was Portugal — from 25 July 1990, followed by Luxembourg from January 1991 and France from next year. This is quite likely to clear the way for much heavier taxation on cigarettes without raising the highly sensitive cost-of-living index in these countries. Beasacon in the east of France and Empoli of Italy are the first cities to respond to a recent EC call to establish a network of non-smoking towns. Their respective mayors have signed a convention for the protection of their citizens' health. In May 1990, Brazil's health ministry passed an order introducing:

- prohibition of smoking in public and private health care establishments,
- ban on sale of cigarettes to minors,
- curbs on advertising of cigarettes on radio and television.

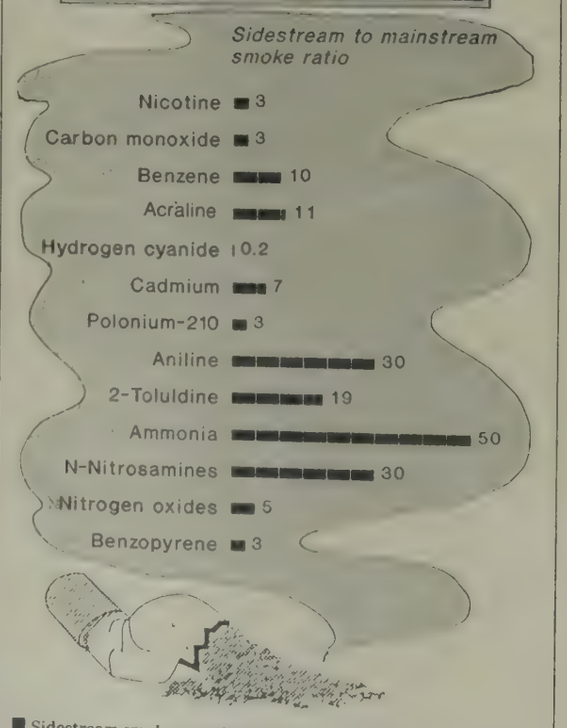
A few months after that, the New Zealand Parliament promulgated its Smoke-Free Environments Act, 1990 on very similar lines.

Although these achievements are impressive, the anti-tobacco activists are not about to rest upon their laurels. The road ahead is long and hard. US Surgeon General Antonia Novello hopes her country will become completely smoker-free by the year 2000. Today 50 million Americans continue to smoke. In several countries, the number of smoking adults has gone up. Tobacco companies have tried with partial success to introduce new brands targeted at women.

Still the mood of the activists is not one of despair but of hope. At the 1989 conference in Australia, WHO Director-General Hiroshi Nakajima said, "Our major task now is to eliminate tobacco as a major threat to future generations." And Novello says, "It is encouraging to note that so many countries have taken a positive stand on tobacco." ■

SUMIT GHOSHAL

What's in the smoke



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Source: The Sunday Times

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TIPS & TOES

Taking on the challenge

With limited resources and against considerable odds, the company is striving to carve a niche of its own in the beauty aids market

When B.D. Topiwala joined Parle Pvt Ltd in Bombay as a helper, after his standard X examination, little did he know then that one day he would own two companies and possess 10,000 sq ft of prime property in Bombay and Vapi, Gujarat. Now, at 59, B.D. Topiwala is chairman and managing director of Paramount Kum-Kum Pvt Ltd and Tips & Toes Cosmetics Ltd — both based in Bombay. Last year, the combined turnover of the two companies touched Rs. 12 crore.

Today, Paramount, the largest company in the organised sector, manufactures *bindis* under the brand name Shingar, Shilpa and Sun-spot. And Tips & Toes, the second leading company with a 30 per cent share in the market, manufactures nail polish, lipsticks, blush on and a whole range of other beauty products.

Tough days

Topiwala is ambitious. And it is perhaps this zeal that transformed a small-time helper into a successful industrialist. But reaching there has not been easy. There were many hardships to be overcome, the worst of them being shortage of money. He even had to walk from his chawl in Goregaon to the Parle factory in Vile Parle in Bombay — a distance of about 10 km — as he could not afford to pay the train fare.

But Topiwala was an enthusiastic young man. In the 25 years that he spent with Parle, he learnt a lot about sales, accounting, marketing, advertising, and store-keeping. And by the time he was 29, this accumulated knowledge gave him enough confidence to start something on his own. With Parle management's permission, he started Paramount and launched Shingar *kum kum bindi* while still employed at Parle. He finally resigned in 1968 as a franchise manager, by which time he was a successful businessman in his own right. He owned a car and also lived in a modest flat.

"I always wanted to do something on my own, instead of spending the rest of my life working for someone else," says Topiwala. Making *bindis* appealed to him as most of the Hindu married women wear *bindi*. Though the market was waiting to be tapped, no quality brand existed in the organised sector then. So Topiwala rented a 200 sq ft room in Goregaon, employed two workers and started making Shingar *bindis* packed in 5 gm collapsible tubes. These tubes were priced at 60 paise each but the retailer sold them for Rs.1.50. What surprised Topiwala was that in spite of competition from other brands, there was consumer acceptance. In the first year, sales touched Rs.10,000 which increased to Rs.50,000 in the second year and Rs.4 lakh by the fourth year.

The venture proved profitable and in 1964, Topiwala came up with a brand extension to Shingar — liquid *kum kum* in a pot shaped plastic jar, popularly known as *matka*. The product was an instant hit but had to be withdrawn in 1969 as the product had an adverse skin reaction. Moreover, in the same year, a Delhi-based company launched mat-finish *bindi*, which became very popular. Realising the product's potential in Bombay, Paramount launched the *bindi* in Bombay in a cylinder. Well-designed and neatly packed, the *bindis* were well accepted and the demand was still unfulfilled.

What further boosted the sales was an advertisement campaign in the Hindi weekly *Dharmayug*. This helped push sales to Rs.35 lakh. Although Topiwala faced competition from a Madras-based company, its impact on his product was negligible. Says he, "None of these companies had a brand name. But my products were well marketed, advertised and launched under a brand name."

But it was not a smooth ride all the way. The extremely simple concept of stick-on *bindis* were becoming popular in the mid-seventies. And it was a major challenge to Topiwala. Easy to apply, they received wide consumer acceptance and caused a setback to the powder and liquid forms of *bindi*.

Grabs a market share

But Topiwala bounced back with Tips & Toes nail polish. Since the cosmetic market at that time was not crowded with products, he decided that though his earlier attempt at launching nail polish under the Shingar brand name was a big flop, he still stood a good chance to succeed.

Also there was the excitement of challenging rivals like Lakme, which had the lion's

Photos: Pankaj Desai



Topiwala with his sons: "Just one more step to climb"

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share of the nail polish segment. But Topiwala grabbed a share of the market maintaining the same price as Lakme (Rs.10 per bottle) and aggressively advertising his product. Lakme, of course, shrugs off the challenge. According to Anil Chopra, vice-president (cosmetics), Lakme, "The impact on our sales was negligible and we continued to grow at a steady rate."

In order to recapture the market of stick-on *bindis* which it had failed to the first time around, Paramount launched stick-on *bindis* under the brand name Shilpa in 1982. The product was well accepted, but due to its high price (Re.1 per packet), only affluent customers could afford it. And in order to tap a wider market, Topiwala introduced a similar bindi under the name Sun-spot, for the semi-urban and rural market. Paramount's sales has been soaring high and it has now become the undisputed market leader. This year, its sales is estimated to be Rs.9 crore.

The biggest advantage Topiwala has is that no excise duty is levied on these products. Even in 1986, when the government hiked the excise duty from 10 per cent to 100 per cent, taking the price of each bottle from Rs.12 to Rs.20, the impact on Tips & Toes was negligible. The reason: he sub-contracts the work to several small-scale units. "By doing this, not only could he price his product on a par with Lakme, but he also had the advantage of saving on overhead costs," says a stockist. This further helped him when he decided to shift his factories to Vapi where overhead costs were considerably less. (Apart from the Shingar and Tips & Toes factories, Topiwala also owns a plastic container unit and a printing press.)

In order to recapture the market lost due to the excise hike, Lakme had changed its marketing strategy and launched the "Designer collection," to which Tips & Toes responded with "Exclusive collection". Launched in a wide variety of colours with fancy packaging accompanied by a massive advertising campign, it made Lakme sit up and notice. "For the first time, our sales were down by 5-6 per cent," says Chopra. Along with the new nail polish range came lipstick under the brand name Exclusive. (This was the second attempt at launching lipsticks — the earlier attempt under the brand name of Kiss & Tell had failed.)



The Tips & Toes range: making rivals sit up and notice

Constant effort

Today even though Tips & Toes is supposed to have a 30 per cent share in the nail polish and lipstick market, Topiwala and his eldest son Hemant — who joined the family business in 1982 — are continuously striving to improve both product quality and profit margin. Hemant who looks after sales, production, purchase and advertising, keeps himself abreast of the latest developments in the industry. Realising that advertising would help to keep the products in the news, Hemant has been extensively advertising his product, making it a familiar name in the market. At present, the company spends about Rs.1.5 crore on advertising every year. In the last three years, the company has expanded its product range by introducing blush on, powder compact, *kajal*, liquid foundation and eye shadow.

By September this year, the company plans to introduce shampoo, beauty cream and eye liner, thus completing the whole range of beauty products. With this, Tips & Toes' confrontation with Lakme will be total. But Chopra does not feel threatened. "Tips & Toes is still far behind. Their past record in launching new products has been very poor. One will have to wait and see how they fare this time."

But Hemant Topiwala is quite confident of the products making an impact on the customers. And, once the new range of products is launched, he expects the company's turnover for the next financial year to touch Rs.15 crore. Exports is another area in which the company can excel, he feels. Paramount Exports and Trade Link, an export-oriented unit set up two years ago, exported goods worth Rs.50 lakh last year to south American countries, the Middle East and South-East Asia.

Tips & Toes may, perhaps, be playing second fiddle to Lakme now. But while Lakme has all the backing that a monolith like the Tata group can provide, Topiwala and his companies have struggled on their own — and have done a good job of it. Topiwala has no qualms about being known as Number two. "If one compares the number of products of the two companies, we are nowhere near Lakme. But being in the number two position is not bad, because we have just one more step to climb. And in Shingar we are definitely leading, and that gives us a good boost." ■

MAHIRA SHEIKH



Bottling unit at Vapi: low overheads

VCDL PROJECT

Strikes gold

A distillery starts out trying to find a solution to its industrial waste problems and ends up making money on selling fish that thrive on the waste. For years, Vorion Chemicals and Distilleries Ltd (VCDL), located about 55 km away from Madras city at Vedanarayanapuram, discharged 500,000 litres of effluent water into the nearby Vaigai river every day, in the course of producing 33,000 litres of alcohol. The effluent had a biological oxygen demand (BOD) of 45,000 to 50,000 particles per million (ppm) — indicating a very high level of pollution. In 1982-83, following a public outcry against the pollution, the Tamil Nadu Pollution Control Board (TNPCB) issued a notice to the Udayar group unit, saying that if the effluent problem was not sorted out, it would have to shut down.

And so began the search for a solution. This took M. Nandagopal, managing director of VCDL, to the US where a firm, Solar Aqua Farms, offered to provide the technology he was looking for. However, government restrictions on the amount of royalty to be paid put an end to the venture. But around the same time, the company came across a method, in the US, whereby certain varieties of fish, viz, tilapia and catfish, are bred on treated sewage. This proved to be a useful starting point.

VCDL then enlisted the assistance of G. Rangaswami, former vice-chancellor of the agricultural university at Coimbatore, as a technical advisor. According to Rangaswami, there are two ways of getting rid of distillery waste. He says, "The first involves incineration, which is costly. The other alternative is to instal digestors, in which micro-organisms act on the effluents to produce biogas."

VCDL pitched for the second alternative, but the snag here was that after a certain optimum level, the micro-organisms cannot act on the effluent material. The company R&D team decided to treat the bacterial biomass and render it edible by fish, as is the practice in the US. "Nowhere else in the world is this process used to treat molasses-based distillery effluents," claims Rangaswami.

The process is quite simple. The effluent water, which has a temperature above 60 degrees celsius at the outlet point, is cooled and passed into a rectangular digestor. At 35 degrees celsius, the effluent is acted upon by anaerobic bacteria. This process converts the organic matter into biogas and reduces the BOD to about 3,000 to 4,000.

Claims not corroborated

The treated effluent is then led into open bio-conversion ponds and aerated continuously. Bacteria and algae are added to this, to bring down the BOD to less than 1000 in four or five days. The fish are fed with the resultant nutrient-rich biomass. In the process, the dark brown colour and the odour is removed. "The BOD is reduced to almost zero," claims R. Rajendran, general manager of VCDL's aqua culture division. Sources in TNPCB say that over the past three months, "the BOD level has been around 30, which conforms to our specifications". They do not, however, corroborate VCDL's claims of zero pollution.

Finding the right fish for the job took time. "We needed a hardy fish, a fish able to withstand fluctuations in the oxygen and temperature levels and able to thrive in a dense population. The density is necessary to ensure a high population," explains Rangaswami. The choice finally narrowed down to a hybrid, called Golden Fish, which is a cross between the golden coloured and dark brown coloured strains of tilapia. "Since the effluent, in this case, consists of organic matter and not chemicals there is no fear of the fish containing toxic substances," he says.

Intensive culture

By 1987, VCDL had fish ready for the market and the idea was a sell out. In fact, six months later, VCDL found that it had no more fish to sell. It, therefore, had to resort to "intensive culture", in which the "fingerlings" (as the growing fish are called) are fed a protein-rich feed, in addition to the biomass in the tanks. The fish reach an optimum size of 500 gm in about 5 months, against 10 months under the effluent treatment project.

From intensive culture, VCDL has progressed to using a "super-intensive" culture entailing an investment of Rs.75 lakh on a 4-acre fish farm. "This is meant for commercial purposes and has nothing to do with the effluent treatment project."

For semi-intensive cultivation, the investment is Rs.25 lakh on a 10-acre farm. "It is an ideal project for the small farmer," says Rangaswami. Properly managed, the return on investment is Rs.1 lakh per acre per annum in the case of semi-intensive cultivation and Rs.2 lakh per acre per annum in intensive culture. "The effluent treatment project has plunged VCDL into fish farming in a big way," says Nandagopal. He predicts that "the Golden Fish project will net a turnover of Rs.1 crore." Better still, VCDL is now ready to offer its technology for effluent treatment, which can also be used by breweries.

Even though it takes 50 acres of land to handle an effluent discharge of 500,000 litres a day, enquiries are still coming in for the super-intensive culture. The West Bengal fisheries department has also evinced interest, besides "some north Indian parties", says Nandagopal.

The message in VCDL's experience, then, seems to be: caring about the environment pays handsomely. ■

DHARANI K. PANI



VCDL's fish farm: money-spinner

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MRF

Comparatively good performance; profit margins look up; exports down 4 per cent; subsidiary (Funskool) to launch new products

For the year ended September 1990, MRF, the flagship company of this south-based low profile group posted better working results than other players in the industry.

For the current accounting year ended 30 September 1990 (for six months), gross turnover went up by 19 per cent, but gross profit jumped by 62 per cent followed by a 54 per cent rise in net profits.

On a tiny equity base of Rs.3.86 crore, earning per share on an annualised basis works out to Rs.49.42, compared to Rs.31.99 earned in the previous year. Dur-

MRF			(Rs crore)
Year ended	Sept '90*	Mar '89	% Change**
Gross sales	341.69	572.90	19
Other income	1.60	2.18	
Excise duty	81.76	129.70	26
Raw material costs	175.49	304.70	15
Employee costs	14.83	20.51	45
Interest	9.10	14.72	24
Gross profit	25.98	32.10	62
Depreciation	7.94	13.25	20
Tax	8.50	6.50	162
Net profit	9.54	12.35	54
Equity capital	3.86	3.86	
Reserves & surplus	63.24	54.95	
Dividend (%)	30.00	60.00	
Earning per share (Rs)*	49.42	31.99	
Market price (Rs):			
Current	350.00		
1990: High	470.00		
Low	175.00		

*6 months **annualised

ing this period, the capacity utilisation for the auto tyres and tubes divisions was placed higher at 75 per cent and 86 per cent respectively. Also, the average realisation for tyres was higher by 5 per cent.

The company's aggressive marketing thrust and presence in almost all segments of the tyre market — two wheeler tyres, LCV and truck tyres, jeep and car tyres as well as tractor tyres — helped it face fierce competition prevailing within the market. This is reflected in higher gross profit margin of 7.6 per cent against 5.60 per cent recorded last year.

However, MRF's average collection period has shown a sharp increase. From just 28 days in the previous year, it went up to 71 days. This means the company has had to extend its credit period to increase sales. The average inventory period has also increased from 49 days in 1989 to 94 days in the current year. Exports on an annualised basis was lower by 4 per cent.

Meanwhile, the company's Medak tyre project is almost complete and trial runs are expected to begin soon. The company's other diversification project into speciality surface coatings will also begin soon.

The company's subsidiary, namely Funskool India Ltd, recorded a turnover of over Rs.3.55 crore with accumulated losses of Rs.1.07 crore. However, the market response to the Funskool range of toys is reported to be quite good and many new products are expected to be launched in 1990-91.

For the current year, the company expects margins to be under pressure due to fierce competition. However, during the first three months of 1990-91, it has recorded a turnover of Rs.177.3 crore (Rs.153.40 crore) — a growth of 16 per cent. In view of the company's track record, it is likely that the performance for the full year may show a steady improvement. The company's long-term prospects also seem bright.

Meanwhile, the share price which had touched a high of Rs.470 in anticipation of a bonus has now come down to Rs.350.

Bata India

Dividend pruned; higher overheads and interest charges keep margins under pressure; disturbances in different parts of the country results in lower sales volume; prospects not so encouraging

Bata has pruned dividend by 5 points to 10 per cent for the year ended 31 December 1990. The company has suffered a setback for the year under review on account of increased costs of production and lower sales volume. The bottomline has, however, recorded a growth of 120 per cent as capital gains on transfer of properties has been credited to profit and loss account.

Violence in various parts of the country, declining purchasing power of the middle class and competition from small and unorganised sector have adversely affected the sales volume and the com-

Bata India			(Rs crore)
Year ended	30 Dec 1990	30 Dec 1989	% change
Net sales	339.39	310.46	9
Other income	0.83	0.51	63
Excise duty	12.55	10.88	15
Raw material costs	189.95	171.42	11
Interest	12.73	10.88	29
Depreciation	2.47	2.17	14
Tax	1.85	3.61	−49
Net profit (excl. capital gains)	2.98	3.61	−17
Equity capital	10.50	10.50	
Reserves & surplus	26.47	19.56	
Borrowings	54.74	55.98	
Gross block	52.22	47.21	
Dividend (%)	10.00	15.00	
Market price (Rs):			
Current	80.00		
1990: High	105.00		
Low	65.00		

pany could not fully pass on the escalation in input costs. The sales volume of rubber/canvas footwear declined by 16 per cent from 33.3 million pieces to 28 million while that of leather footwear was almost stagnant at 18.3 million (18.2 million pieces). Nevertheless, the average unit sales realisation improved by 17 per cent and 9 per cent respectively. However, this was insufficient to cover cost escalation as indicated by declining profitability margins.

During the year, the company sold some of its properties to its subsidiary, Bata Properties Ltd, and booked a capital gain of Rs.4.97 crore. If one excludes this item from the profits, gross profit will be lower by 22 per cent while net profit by 18 per cent, despite a 50 per cent reduction in tax liability. The profitability would have been still lower had the company provided for the full amount payable to employees under a voluntary separation scheme. Only one-third was provided during 1990.

The company seems to be unable to keep overheads and interest costs under tight control. Manufacturing, selling and administrative expenses eat away 37 per cent of total sales. During the year, these expenses went up by 8.2 per cent. Rent, rates and taxes increased by 61 per cent to Rs.11.9 crore (Rs.7.38 crore).

The large labour force not only creates industrial unrest but also increases the cost of production. Employee costs during the year amounted to Rs.68.57 crore (Rs.67.91 crore). Industrial relations at



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the Batanagar factory improved during the latter part of the year but the long term viability of the unit is still doubtful.

A noteworthy fact is that on the export front the company recorded a growth of 54 per cent at Rs.18.34 crore (Rs.11.94 crore). During the year, the company spent Rs.5.59 crore to modernise its retail shops and factories. Currently at Rs.80, the scrip may slide down further as the prospects are not so encouraging.

Pond's (India)

Dividend higher by 50 per cent; mushroom and electronics project to push up exports substantially; advertisement expenses higher by 67 per cent; capital expenditure plans provide tax shield

Pond's has maintained growth in sales and profitability for the year ended 31 December 1990. It has maintained dividend of 37.5 per cent on the enlarged equity base.

Exports account for over one-third of total net sales of the company. During the year under review, it recorded a growth of 11 per cent to Rs.29.99 crore (1989: Rs.26.91 crore). Items exported included clinical thermometers, shoe uppers, sea foods, cosmetics and toiletries etc. It has also started exporting leather garments from its Madras garment export unit. Its 100 per cent export oriented mushroom project went into production in October 1990 and is expected to achieve full capacity utilisation during the current year. Another export oriented unit (EOU) at Kodaikanal to manufacture electronic products will start operations in the third quarter of the current year.

Gross block during the year under review increased by 44 per cent (by Rs.8.70 crore) to complete the export-oriented diversification plans. The additions to fixed assets were entirely financed from internal accruals and reduction in net current assets. The capital expenditure plans has provided a tax shield to the company. The company's tax liability is only 12 per cent of its pre-tax profits.

During the year under review, total income recorded a growth of 18 per cent at Rs.126.11 crore (Rs.106.95 crore). The company's products are subject to very high excise rates. Excise duty (Rs.41.06 crore) as a percentage of net sales (excluding exports) works out to 132 per cent. Operating profit was higher by 24 per cent at Rs.11.47 crore (Rs.9.27 crore) mainly due to better sales realisation.

Even on the enlarged equity base (after 1:2 bonus during 1990), EPS is attractive at Rs.7.6 (pre-bonus EPS Rs.11.4) against EPS of Rs.9.1 during 1989. The blue chip's p/e ratio works out to 28 times at the current market price of Rs.215.

Pond's (India) *(Rs crore)*

Year ended	Dec '90	Dec '89	% Change
Net sales	84.37	69.76	21
Other income	0.68	0.40	70
Excise duty	41.06	36.79	11
Raw material costs	41.24	38.95	6
Employee costs	6.42	5.94	8
Other expenses	20.01	15.02	33
Finished goods purchased for resale/exports	7.69	4.37	81
Interest	1.92	1.64	17
Depreciation	0.97	0.89	9
Tax	1.01	0.69	46
Net profit	7.57	6.05	25
Equity capital	10.01	6.68	
Reserves & surplus	19.28	18.81	
Borrowings	4.00	4.17	
Gross block	26.77	19.80	
Dividend (%)	37.50*	37.50	
Market price (Rs):			
Current	280.00		
1990: High	140.00		
Low	215.00		

* on enhanced equity capital

Coromandel Fertilisers

Improved working results; better offtake from fertiliser division; increased profit margins; cement division sold; dividend declared

Coromandel Fertilisers, a south-based company has announced sharp improvement in its performance for the year ended September 1990.

During this period, gross turnover showed a modest growth of 8 per cent, but gross profits registered a hefty 289 per cent jump, followed by a net profit of Rs.10.50 crore (-Rs.6.96 crore). This has resulted in an EPS of Rs.4.31 and a dividend payout of 46 per cent, based on the 20 per cent declared by the company.

The company's sharp spurt in profitability was due to better offtake from the fertiliser division whose production touched 361,000 tonnes, one of the highest levels achieved since commencing production. But a major reason for the splurge in profits was the firming up of cement prices in the open market from April 1990 onwards. This consequently resulted in the average realisation for cement going up by 16 per cent despite a 11 per cent drop in volumes sold, which stood at 673,644 tonnes (758,790 tonnes). The capacity utilisation for the cement division was placed slightly lower at 69 per cent (75 per cent).

Coromandel Fertilisers *(Rs crore)*

Year ended	Sept '90	Sept '89	% Change
Gross sales	208.97	192.83	8
Government subsidies	71.93	54.49	32
Other income	1.27	1.14	11
Raw material costs	109.07	90.22	21
Employee costs	11.81	11.71	—
Interest	20.27	20.31	—
Gross profit	23.08	5.93	289
Depreciation	12.58	12.89	
Net profit/(loss)	10.50	(6.96)	
Equity capital	24.32	24.32	
Reserves & surplus	20.45	14.81	
Dividend (%)	20.00	—	
Earning per share (Rs)	4.31	—	
Market price (Rs):			
Current	62.50		
1990: High	80.00		
Low	22.00		

On the other hand, effective cost control measures adopted by the company resulted in interest overheads being maintained around Rs.20 crore. Raw materials' costs rose by 21 per cent but so did gross profit margins which registered a 7.97 point increase from 3.07 per cent in 1988-89 to 11.04 per cent in 1990, against an industry average of around 10 per cent.

Buoyancy in both the cement and fertiliser markets have also helped the company bring down its average debtors collection period from 58 days in the previous year to 42 days. However, the average inventory period has gone up slightly to 83 days, from 74 days in 1988-89. Meanwhile, the company decided to dispose of its cement division with effect from 29 November 1990. This division has been sold to India Cements Ltd at a consideration of Rs.105.30 crore, out of which Rs.5.27 crore was received in June 1990. The balance amount, after setting off-term loan liabilities due to the institutions and banks, was received on 29

November 1990. Hence the full effect of the sale of this division will be reflected in the accounts for 1990-91.

Coromandel's diversification into cement three years ago is posing a problem, as the market for cement continues to be subdued. As a result, the cement division eats into the fertiliser division's profitability. Hence in future, the company has decided to stick to its main line of business — fertilisers.

And in order to reduce its dependence on grid supply for power, the company has installed a 4MW diesel generating set which, together with the existing 5MW turbo generator set, will provide about 9MW of power to the plant.

The management is confident of improving its performance for 1990-91, but much will depend upon the monsoon. Although there is a more than normal increase in 'other income' due to the sale of the cement division, the gross turnover is likely to be slightly lower as a result of the sale.

TRENDS

Bajaj Plastics

Bajaj Plastics, manufacturers of high density polyethylene (HDPE) woven sacks and laminated fabrics has posted a 32 per cent higher sales for the year ended March 1991. With its materials' cost as a ratio to sales constant at around 60 per cent, the gross profit has witnessed a four fold increase to Rs.4.16 crore. After providing for depreciation and taxation, the net profit works out to Rs.1.19 crore yielding an EPS of Rs.12.

Surprisingly, the company's sales are equally distributed over the year but over 80 per cent of the full year's profit is earned in the second half.

Bajaj Plastics *(Rs crore)*

Period	Oct '90 Mar '91	Oct '89 Mar '90	Apr '89 Mar '90
Net sales	18.81	13.71	25.85
Other income	0.40	0.18	0.34
Raw material costs	10.89	7.92	16.44
Salaries and wages	1.10	0.87	1.58
Operating profit	3.69	1.64	2.32
Interest	0.62	0.64	1.20
Gross profit	3.07	1.00	1.12
Depreciation	0.53	0.51	1.01
Tax	1.19	–	–
Net profit	1.35	0.49	0.11
OP/sales (%)	19.61	11.96	8.97
RM/sales (%)	58.00	58.00	63.59

Nagarjuna Signode

Nagarjuna Signode, a Hyderabad-based company engaged in the manufacture of steel strapping systems, has posted a 23 per cent increase in sales for the first half ended September 1990.

The company is currently tapping the capital market with a rights equity issue in the ratio of 1:2 at par aggregating Rs.1.89 crore to finance its vertical integration programme. This programme, to be implemented at a cost outlay of Rs.11 crore, incorporates the setting up of cold rolling mills besides diversification into the manufacturing of linear low density polyethelene (LLDPE) used in stretch film wrapping systems.

Incidentally, the company started in 1984 with a turnover of Rs.4 crore on which it made a loss of Rs.2 crore. Till 1987, it continued making losses and had virtually become a BIFR case. Since then, the company undertook a survival strategy by cutting costs, convincing users and expanding the product range. Nevertheless, for the 11 months ended February 1991, gross income was placed at Rs.27 crore and profit after tax at Rs.2.44 crore. EPS on this works out to Rs.6.78.

Nagarjuna Signode *(Rs crore)*

Period	Apr '90 Sep '91	Apr '89 Sep '90	Apr '89 Sep '90
Net sales	14.85	12.02	27.32
Other income	1.19	1.30	3.47
Raw material costs	8.26	6.78	15.88
Salaries and wages	0.54	0.36	0.89
Operating profit	3.35	2.63	6.62
Interest	1.08	0.84	1.98
Gross profit	2.27	1.79	4.64
Depreciation	0.45	0.65	0.90
Tax	–	–	0.15
Net profit	1.82	1.14	0.68
OP/net sales (%)	22.56	21.90	24.23
RM/net sales (%)	55.62	56.40	58.12

Parasrampuria Synthetics

Parasrampuria Synthetics, manufacturers of polyester, nylon and filament yarns, has announced improved results for the second half of the year 1990-91. Compared to the corresponding period last year, turnover has improved by 34 per cent in line with a 35 per cent increase in operating profit. In spite of the increase of prices of di-methyl terephthalate (DMT) and mono-ethylene glycol (MEG) during the Gulf War, the raw material cost as a percentage of sales has shown a sharp drop of eight percentage points. Also Parasrampuria has shown a 50 per cent higher net profit with no tax provisions made in the current period despite a higher interest burden. This has caused net margins to inch forward slightly from 10.31 per cent to 11.59 per cent.

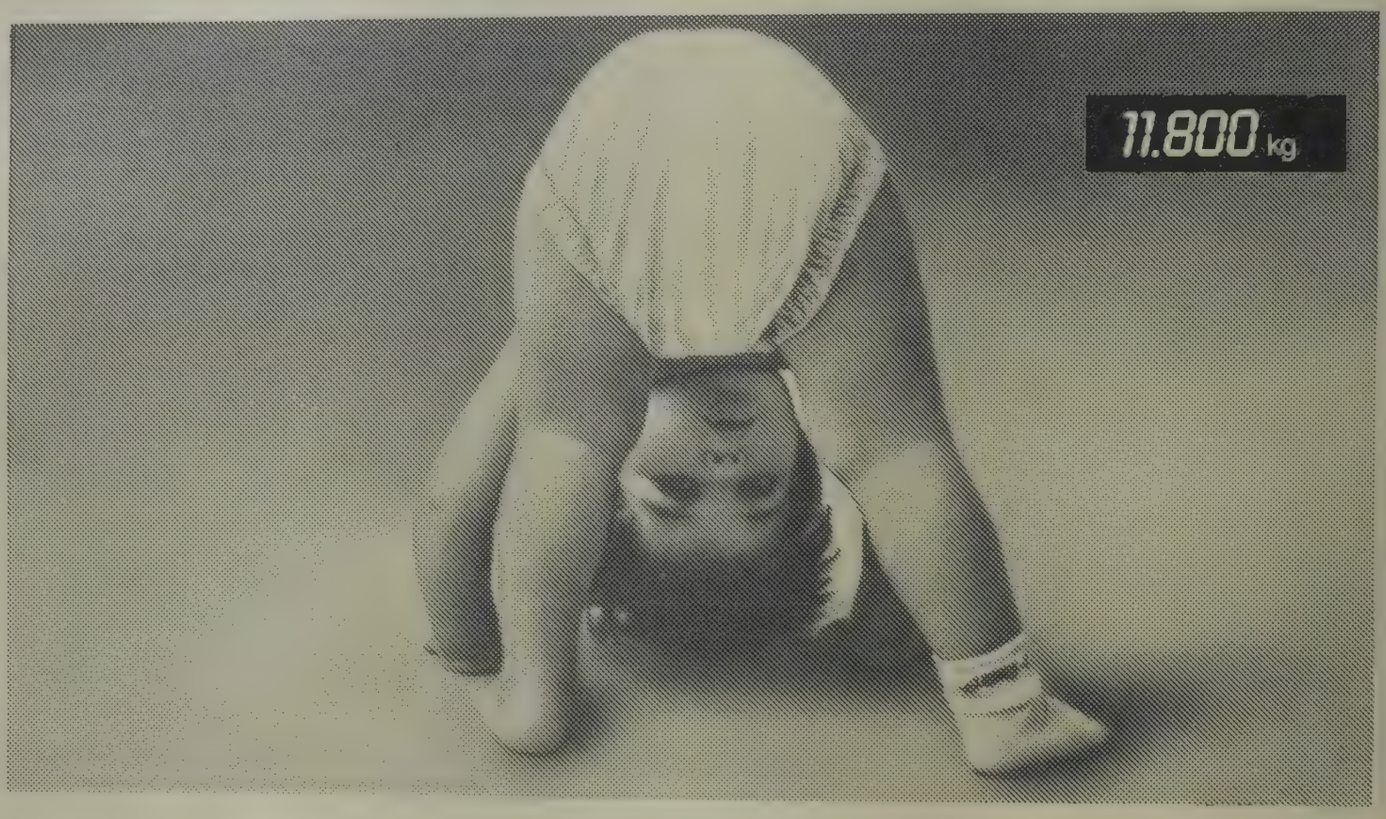
Parasrampuria Synthetics *(Rs crore)*

Period	Oct '90 March '91	Oct '89 March '90	April '89 March '90
Net sales	55.04	41.14	65.58
Other income	0.08	0.06	0.17
Total income	55.12	41.20	65.75
Raw material costs	16.75	15.70	25.21
Salaries and wages	0.75	0.55	1.06
Other expenses	7.13	4.78	7.85
Operating profit	10.80	7.99	12.33
Interest	2.70	1.72	2.64
Gross profit	8.10	6.27	9.59
Depreciation	1.72	1.22	2.08
Taxation	–	0.81	1.22
Net profit	6.38	4.24	6.29
OP/Sales (%)	19.62	19.42	18.65
RM/Sales (%)	30.43	38.16	38.44

At the end of 1990-91, the company had a spinning capacity of 7,500 tpa and a twisting capacity of 800 tpa. Expansion plans are currently underway to increase the spinning capacity to 11,250 tpa by August 1991. Installation of a polycondensation plant for the manufacture of 75,000 tpa yarn grade polyester chips should be finished by October 1991. The spinning capacity has already increased to 10,000 tpa resulting in a 34 per cent increase in net sales. The expansion has been funded through a rights convertible debenture issue. Each debenture of Rs.200 consists of two parts. Part A of Rs.90 will be converted into five equity shares at a premium of Rs.8 in October 1991. Upon conversion, the equity base will increase from Rs.7.7 crore to Rs.13 crore.

Parasrampuria Synthetics has earned Rs.8.29 (Rs.5.51) per share in the six months ended March 1991. An interim dividend of 12 per cent (10 per cent) has already been declared. The scrip reached

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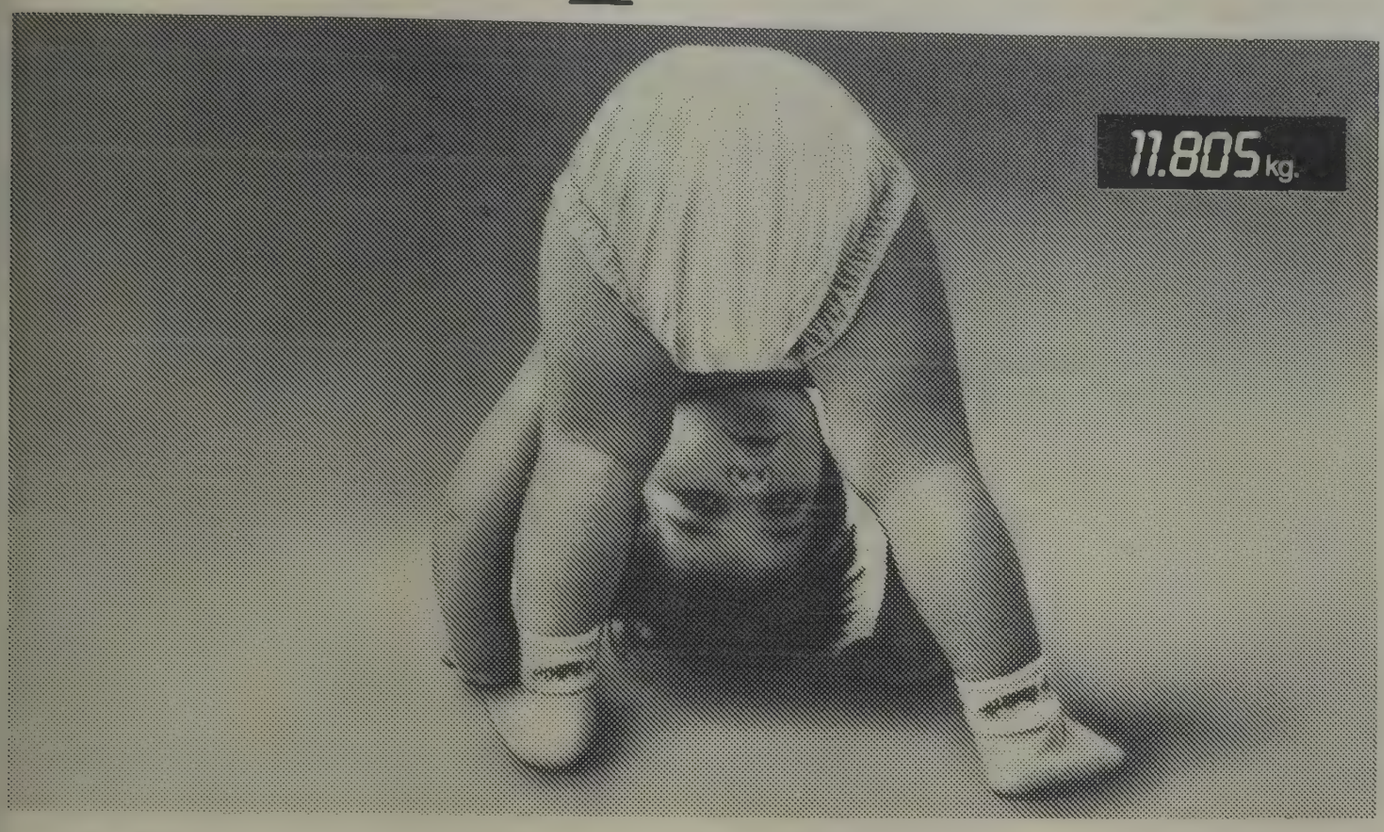
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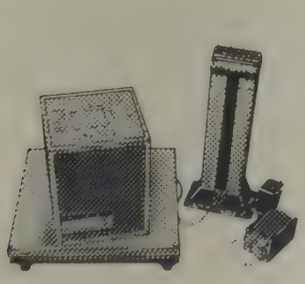
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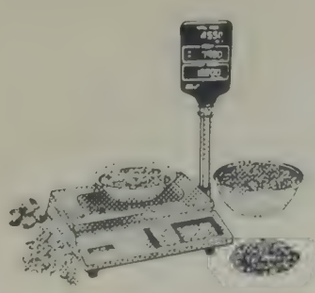
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a high of Rs.127.50 and a low of Rs.23 in the year 1990-91. It is currently trading at Rs.72 discounting earnings nine times compared to the industry average of 11.20 times.

RESULTS ANNOUNCED

Sipta Coated and Comet Steels

Turnover up but margins crash as profits come under severe pressure for the year ended 31 March 1991; dividend skipped by these two sister concerns of the Lloyds Steel group controlled by the Guptas

Sipta Coated manufactures galvanised plain/corrugated (GP/GC) sheets and has recently integrated backwards to produce cold rolled (CR) sheets. Turnover up 4 per cent at Rs.135.51 crore yields a gross profit margin of 1.9 per cent (3.9 per cent). With a heavy equity base of Rs.17.97 crore, EPS is barely visible at 17 paise (Rs.1.36). The scrip quotes at its nineties' low of Rs.14.

Fall in gross profit margin from 7.9 per cent to 3.1 per cent is more pronounced for Comet Steels whose turnover is up 38 per cent to Rs.101.55 crore. Also into CR sheets, at net level, EPS is 88 paise (Rs.4.08) while the scrip quotes at Rs.15, against its nineties low, giving a price earnings ratio of 17.

Bajaj Auto and Maharashtra Scooters

Turnover up for both the giant and the little one in the Rahul Bajaj fold while bottomline registers a decline for the year ended 31 March 1991

For Bajaj Auto, gross profit margin was 13.3 per cent (14.8 per cent) on an turnover of Rs.1,219.90 crore (up 15 per cent). On an equity base of Rs.18.81 crore, the company earned Rs.29.95 per share (Rs.31.38) and will pay out Rs.10 (Rs.11) per share as dividend. The scrip quotes at Rs.605 discounting these earnings 20 times.

Gross profit margin stagnated at 13.7 per cent on a turnover of Rs.136.30 crore (up 10 per cent) for Maharashtra Scooters. But with tax provision almost doubling and equity having doubled due to a 1:1 bonus, EPS slid from Rs.43.22 to Rs.18.23 (Rs.36.40 on cum bonus equity). Dividend per share has come down from Rs.4 to Rs.2.50 (Rs.5 on cum bonus equity). The market price at Rs.215 discounts these earnings nearly 12 times.

Grasim Industries

Good results for the year ended 31 March 1991 enable a comfortable servicing of expanded equity for this highly diversified flagship of the Aditya Birla group

Makers of viscose staple fibre, cement, rayon grade caustic soda, man-made fabrics etc, Grasim's gross profit margin is up 14.9 per cent (12.5 per cent) on a turnover of Rs.1,229 crore (up 19 per cent). On the expanded equity of Rs.60.50 crore, EPS works out to Rs.15.87 (Rs.12.39) while dividend has been stepped up to Rs.3.50 per share (Rs.3 per share). The scrip quotes at Rs.244 discounting these earnings 15.4 times.

Kirloskar Cummins

For this Fera manufacturer of engines, profit margins get a good boost while bottomline is up 61 per cent for the year ended 31 March 1991

Gross profit margin is up four points to 15.3 per cent on a sales of Rs.269.54 crore (up 19 per cent). Inspite of tax provision having more than doubled, the bottomline is heavier at Rs.18.79 crore (Rs.11.65 crore) yielding an EPS of Rs.7.12 (Rs.4.41). The scrip quotes at Rs.132.50 discounting these earnings 18 times.

HDFC

Impressive results; total income up 35 per cent, loan disbursals up 37 per cent; equity capital more than doubled; dividend up two points

Housing Development Finance Corporation (HDFC) has announced impressive working results for the year ended March 1991. While total income increased by 35 per cent to Rs.263.41 crore, the loan disbursements kept pace with it, up 37 per cent to Rs.668.49 crore. Also the loan approvals during the year were higher by Rs.210.75 crore to Rs.813.78 crore.

Meanwhile the equity capital has more than doubled to Rs.44.72 crore (Rs.19.99 crore) due to the rights cum public issue made during the year. The directors have recommended a two point hike in dividend to 22 per cent which will be paid on a pro rata basis absorbing Rs.5.74 crore.

IN BRIEF

Weldflux Engineering is setting up a 100 per cent export oriented unit to manufacture submerged arc welding fluxes, used for high pressure welding. The total capital outlay for this project is Rs.7.5 crore.

Benzo Petrochemicals is setting up a Rs.7 crore project to manufacture benzaldehyde and benzyl alcohol.

Times Guaranty Financials has recently launched two new schemes for portfolio management. The company's total assets as on 31 March 1991 were Rs.14.79 crore. It made a gross profit of Rs.77 lakh.

Vikram Projects has bagged two sugar plant projects in Maharashtra and Gujarat worth Rs.15.93 crore. For the year ended March 1991, the company's turnover rose by 115 per cent to Rs.21.31 crore. The order book position for the current year is placed at over Rs.50 crore.

Larsen & Toubro has got a Rs.16.8 crore contract to design and construct a half kilometer long bridge across the river Limbang in Sarawak, Malaysia.

Davy Powergas India is promoting a new company, Xytel India, in financial and technical collaboration with the US-based Xytel Corporation. Xytel India will design and manufacture advanced pilot plants and systems.

Toshniwal Agrochem is setting up a 450 tpa capacity dyestuffs plant at Tarapur, Maharashtra. The plant is expected to go on stream by the end of this year.

Lan Eseda Software Systems has signed a joint venture agreement with International Storage Systems of the US to manufacture high capacity hard disk drives.

Maharaja International plans to manufacture refrigerators and dish washing machines with technology from Siltal of Italy. The company has received CCI's consent to raise Rs. 4.75 crore from the public.

Hindustan Development Corporation has finalised the financing plan for its composite steel plant to manufacture 250,000 tpa of special steels at Malanpur, MP.

Jain Irrigation Systems has stepped up dividend by three points to 18 per cent for the year ended 1990-91.

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STOCKMARKET REVIEW

Markets on hold

(For the period 6 May to 18 May 1991)

	18.5	4.5	percentage change over fortnight	year
BSE Sensitive Index	1,297.69	1,272.09	+2.0	+69.2
BSE National Index	642.66	634.01	+1.4	+53.7
Vol (Rs.cr) fortnt. ended	107.79	142.28	-24.2	-8.7

Stockmarket prices continued to trade in the narrow 1,200 to 1,300 range that the BSE Sensitive Index entered on 5 April. The market was buoyed by speculators hopeful of a Congress majority — this caused Reliance to close at Rs.142.50, up from Rs.130. And, as rumours of steel decontrol spread, Tisco's share rose to Rs.193, up from Rs.180. This outweighed the absence of financial institutions from the markets as they deployed their spare funds in the more profitable call-money market (where rates touched 60 per cent on 14 May). It also outweighed the negative flow of corporate results, especially for larger companies such as Bajaj Auto, Hindalco and Indian Aluminium. Interestingly, even ITC's share fell when it declared earnings of Rs.77.5 crore, a 38 per cent increase. The market had been expecting earnings of Rs.85 crore.

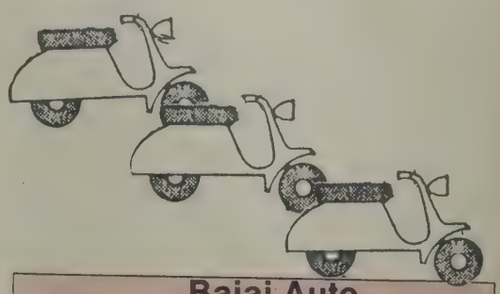
International forces

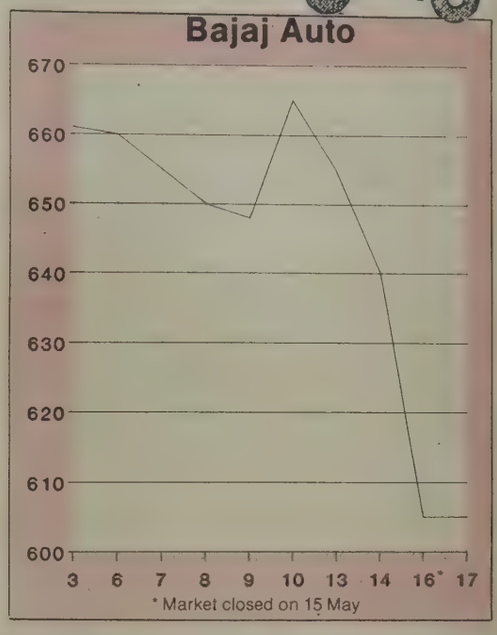
The poor results of Hindalco and Indian Aluminium reflected the fall in the international prices of aluminium which stood at $1,300 per tonne compared with $1,400 per tonne at this time last year. Indian Aluminium which is more dependent on state power supplies than Hindalco suffered more as it was forced to produce less value-added products such as alumina (the price of which, internationally, fell more than finished aluminium last year) as a result. Both shares have fallen significantly since their highs in October last year (*see chart*) when worries about aluminium production in the Gulf caused international prices to cross $2,200 per tonne.

Bajaj Auto's price behaviour was particularly interesting (*see chart*), with many speculators crying foul. The scrip opened the fortnight at Rs.661.25. On 10 May, the company announced that it would consider a shareholders' bonus at a meeting in mid-June with its results due on 14 May. This sent the price soaring to Rs.677.50 from the opening price of Rs.655. The scrip closed the day at Rs.665.

According to traders, volume was unusually heavy compared with normal volume of 25,000 shares a day. The company's results were, however, disappointing with net earnings down to Rs.56.3 crore from Rs.65.1 crore last year and Rs.40.7 crore for the first half of the year (the second half is normally 30 per cent better than the first half but the economic depression after October put paid to that). Given that dividend — an indicator of past and future performance — was cut from 110 per cent to 100 per cent, speculators wondered about the basis for the upcoming bonus. In their view, a bonus was justifiable only if the company's performance in 1991-92 showed signs of improvement over the prior six months. If so, why was dividend cut, given the company's adequate earnings?

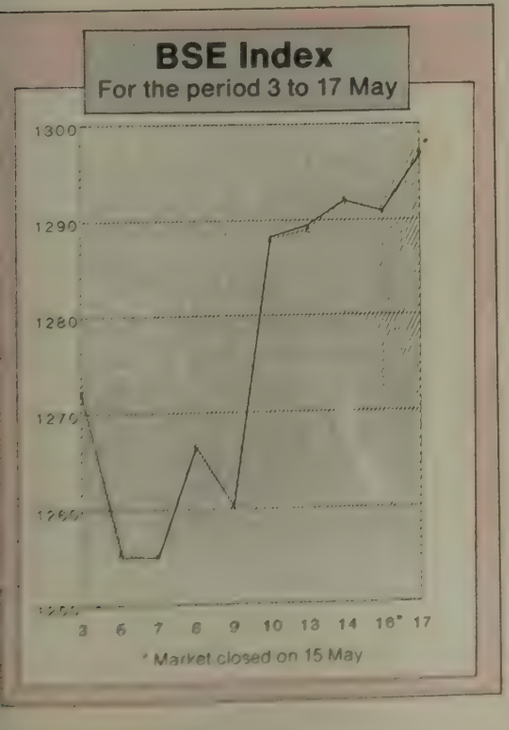
Grasim's results were excellent and in line with the market's expectations. Given that earnings exceeded Rs.16 per share and given that cement would continue to underwrite next year's profits and comfortably finance its ambitious plans, the market was pleased with the results. The scrip closed the fortnight at Rs.244, up from Rs.230 (+6 per cent).

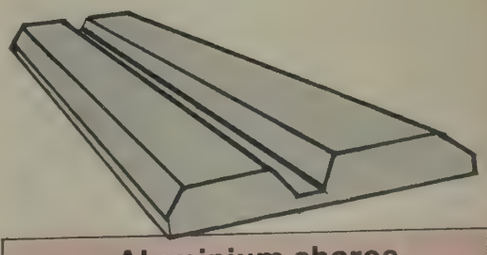


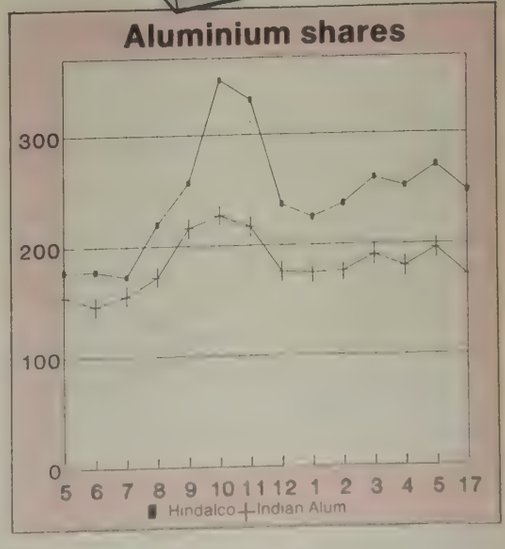


Going by hearsay

ICICI and HDFC continued to surge on rumours of a shift from the cash to the specified (forward) list on the BSE. ICICI







closed the fortnight at Rs.350, up from Rs.267.50 (31 per cent) while HDFC closed at Rs.460, up from Rs.397.50 (+15.7 per cent). Birla Jute and MRF were gainers for the same reason, the former rising to Rs.260 from Rs.225 (+15.6 per cent) and the latter rising to Rs.540 from Rs.450 (+20 per cent).

The least likely to be shifted to the specified list is MRF given its low capital base. Nevertheless, it is on the speculators' list as it had earlier been in the specified list. The rise in prices on expectations of a shift is a common phenomenon, having happened earlier in the cases of Castrol and Colgate. Given that such an announcement ought to be done in utmost secrecy so that not even its whiff pervades the charged air in which speculators operate, the BSE authorities ought, in fact, to ensure that none of these scrips is currently moved to the specified list.

Uncertainty about the election results hung heavy in the air as the fortnight closed, putting the markets on hold and keeping volumes down. The Reliance share is likely to be the most actively traded in any event, with sharp swings depending on the outcome. With the monsoons less than a month away, June — normally a stable month for stockmarkets — could prove unusually volatile.

■

RAFIQ DOSSANI

MADRAS STOCK EXCHANGE

Admission wrangle

The Madras Stock Exchange (MSE) was all set to hold a written examination in mid-May to admit 23 new members, when six prospective members stepped in with a lawsuit. Last month, they moved the Madras High Court protesting against the basis of selection because according to a stockbroker, "All the tickets are reserved for allotment only to authorised assistants, who have served members or member firms for a period of two years prior to December 1991."

The MSE's rules allow for the admission of two categories of members. The first consists of authorised assistants who have served for at least two years with a member broker or firm. The second category consists of those applicants backed by a two-year employment guarantee from a member. "The six petitioners are sore that the MSE is not taking the second category of applicants into consideration," explains S.P. Sivaprakasam, president, MSE.

Narrow definition. The problem originated in 1987 when the government permitted the MSE to issue 50 new "professional memberships". "But this did not elicit the right response," maintain MSE officials — the MSE received 90 applications, based on which 64 candidates were interviewed, resulting in the selection of 27 new members. Stockbrokers attribute the response to a narrow definition of the term "professional". "Why confine it to chartered accountants, cost accountants, company secretaries and MBAs ? And why only authorised assistants (those with floor trading and administrative experience of running a card)? A sub-broker with experience, or a merchant banker should also qualify under this category," maintains a stockbroker.

But the MSE authorities thought otherwise. Therefore, in 1989, the MSE obtained government permission to allot the remaining 23 seats to authorised assistants. "The decision to restrict membership to authorised assistants was taken by the Council of the MSE, and it has the discretion to do so," says a council member.

Many brokers are also upset that while the price of a professional ticket is Rs.1 lakh, its market price for general buyers from seller brokers is Rs.16 lakh. In December 1989, the MSE itself auctioned tickets of defaulting members at Rs.5.75 lakh each.



Brokers in MSE: upset over ticket prices

Many brokers feel that if prices had been nearer market levels, this would have both reduced the number of applicants and swelled the MSE's coffers. As it is, the MSE has received 101 applications in the second round. In an interim order, the Madras High Court has directed the MSE to block six seats for the petitioners pending a review of the case.

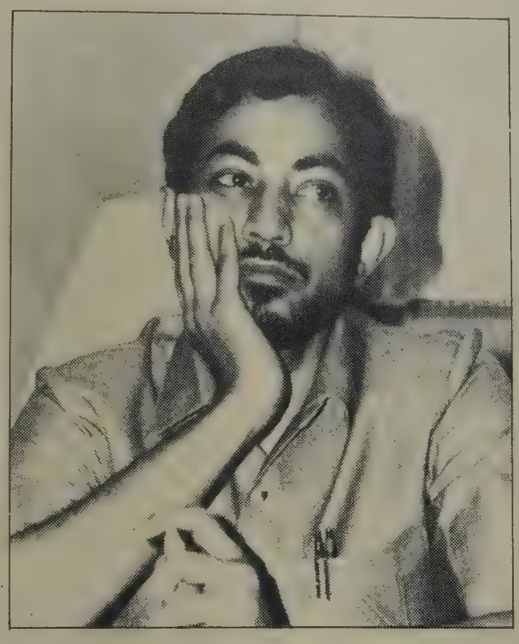
Currently, it appears that the scramble for the remaining 17 seats will take place shortly. "Several authorised assistants have requested us to hold coaching classes, which will take time. By next month, we plan to go ahead with the examinations," says Sivaprakasam. But it will be a longer wait for the six petitioners who are preparing their case for presentation — when the Madras High Court reopens after its summer vacation.

■

DHARANI K. PANI

"I like good values"

Vallabh Bhansali, *reputed to be a master stock-picker, talks to* Business India's *Lancelot Joseph and Alka Mukandan about his methods and the shares he likes*



The obvious question, now that India has lost Rajiv Gandhi: which way will the market go?
The market sees a choice between the BJP and Congress and is comfortable with both.

Which industry do you like?
Cement is very strong. Product prices are high, and despite the certainty of higher taxes, the industry will be allowed to benefit to avoid future shortages; IDBI has calculated a breakeven price (of per 50 kg bag) for a new 1 million tonne plant. Today, the average producer price is Rs.96. In a year, I expect cement policy to allow larger plants, up to 5 million tonnes. Also, since Korea, Japan and other large producers are losing interest because of pollution problems, I see an export potential. Overall, given a GNP growth of 4.5 per cent, I see a steady demand growth; except for a possible crunch in between when supply meets demand a year down the road, cement will do extremely well.

Which cement shares do you like?
Madras Cements, once nearly a BIFR case, looks the best even up to Rs.5,500. Birla Jute — in spite of its recent spurt to Rs.275 from Rs.200 in a month — and India Cements are also good.

What about the speculative favourite, ACC?
ACC lacks immediate capital expenditure plans; they will therfore pay a lot of tax. If ACC announces viable expansion plans soon, one should look at it. Even then, it would rank fourth in my choice as its expansion plans would take time to fructify.

Any other cement shares?
Jaiprakash Industries. It has the finest plant, as good as anybody else's. It has run its first plant extremely well. The second plant has gone on stream. The location, MP, is fabulous: the two plants together should yield 3 million tonnes in 1992-93. The equity capital needed for a plant of this size today would be Rs.250 crore whereas its capital base (even after conversion) will not exceed Rs.90 crore. The share is priced at Rs.35.

Plus, it is strong in construction and gets contracts in the Middle East – provided it accepts being a sub-contractor. It has large equipment in Iraq. We are doing a lot of research on this company and have found that in such companies, the availability of equipment at short notice is a big advantage.

What about cheaper cement shares, like Priyadarshini Cement?
I generally like good values and good managements with a track record of looking after shareholders. Also, I prefer larger shares with good liquidity. Suppose something goes wrong, the government becomes unpragmatic and levies excise and price controls, bigger companies can do something about it.

Then why don't you like Gujarat Ambuja Cement?
Ambuja is the best managed and leads in innovative marketing; but investing in it is a different ball game. It has relatively high capital and no new capacity for two years at least. It is already working over capacity, 1 million tonnes this year from a 600,000-tonne plant. So, I do not expect it to increase production much further. Hence, if profits are high, taxes will rise.

Of course, its profits will be really fantastic: from last year's average price in Gujarat of Rs.75 to Rs.80, the current price is almost Rs.100. People have no idea of the likely profits of cement companies. They think that because prices have gone up, so the levels are too high. I believe that one must take a value-based approach and cement has a lot of potential.

What is your investment philosophy?
I do not go by the textbook concept of diversifying risk; if something is good, I'll put my money as long as I can get out if necessary. I don't mind putting 60 per cent of my money in one industry.

When I recommended Birla Jute at Rs.60, people said this is a sleepy share, no-one can make money from it. But we went purely by fundamentals and not by old stories or jinxes. Nowadays, with the advent of mutual funds, it is clear that if we recognise value, even exit will be no problem. That's the reason why even a share like Jaiprakash makes sense to buy. I think you make money in the market by identifying change.

Any other industry that you think is worth investing in?
Shipping is very interesting; demand growth is outpacing supply. Of the companies, Essar, Essar Gujarat and Great Eastern are the best. Chowgule has an excellent fleet and has rupee denominated loans because their orders were placed with Hindustan Shipyard; S.I.Shipping should have a bumper first half of 1991-92 and will do better under Essar influence.

Tractors, fertilisers and steel are also interesting. Punjab Tractors looks good and Escorts Tractors, which will be listed soon, also looks good.

Fertiliser shares are cheap. GSFC is a great company making money on caprolactam and other products. Indogulf, on a Rs.165-crore capital, is likely to generate Rs.100 crore for 1991. I also like Coromandel, Spic and Nagarjuna Fertilisers.

In steel, I like Jindal Strips up to Rs.300 and Jindal Iron.

Are there any shares you like despite an uncertain industry trend?
Some well-managed companies will do well despite industry trends, for example consumer product companies like Videocon and Kelvinator. I like LMW up to Rs.5,000.

STOCKMARKETS

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 17.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	5.00	11.00	4.00	-4.8			11.0	22.0		
ABB,10	12/90	9.86	14.11	24.31	140.00	165.00	78.50	8.6	3.5	16.3	27.0	1.9		
ACC,100	03/90	55.95	90.00	260.86	2415.00	2520.00	484.00	31.7	95.1	76.2	15.0	0.6	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	480.00	650.00	275.00	36.8	14.0	13.0	16.0	3.3	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	212.50	225.00	120.00	10.9	4.1	19.5	25.0	1.2	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	51.00	65.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	10.50	22.00	10.00	0.3		35.0			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	89.00	135.00	73.00	11.3	5.0	7.9	25.0	2.8		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	13.50	25.00	9.00	-15.4				11.8	87	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	915.00	1650.00	400.00	185.8	108.4	4.9	20.0	2.2	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	44.00	250.00	38.00	2.2		20.0	10.0	2.3	87	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	15.00	30.00	12.00	2.6	1.2	5.8	15.0	10.0		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	65.00	92.50	42.50	18.3		3.6	25.0	3.8		
APPLE IND.,10	03/90	5.19	0.81	11.56	37.00	66.25	33.50	8.6		4.3	35.0	9.5		
ASHOK LEYLAND,10	03/90	31.72	100.84	41.73	153.00	251.25	77.00	5.8	4.3	26.4	31.5	2.1	78	1:2
ASIAN CABLES,10	03/90	5.59	7.32	23.09	38.00	48.00	29.00	5.6	2.4	6.8	14.0	3.7	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	86.25	102.50	61.00	7.4	3.0	9.0	25.0	3.8		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	237.50	285.50	220.00	15.3	6.2	15.5	45.0	1.9	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	143.75	180.00	112.50	9.2	5.1	15.6	55.0	3.8	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	242.50	365.00	200.00	29.7	14.5	8.2	50.0	2.1		
ASTRA IDL,10	03/90	2.50	2.97	21.88	75.00	75.00	40.00	5.3	2.5	14.2	20.0	2.7		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	80.00	87.00	36.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	167.50	180.00	70.00	7.2	2.4	23.3	15.0	0.9	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	138.00	195.00	108.00	7.3		18.9	35.0	2.5	84	2:5
BAJAJ AUTO,10	03/91	18.81	298.75	168.83	605.00	725.00	457.50	30.0	21.6	20.2	100.0	1.7	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	92.50	92.50	35.00	0.7	3.6	132.1			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	247.50	280.00	135.00	11.5	9.1	21.5	20.0	0.8	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	57.50	62.50	33.75	3.0	1.8	19.2	18.0	3.1	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	300.00	310.00	155.00	19.9	14.2	15.1	28.0	0.9	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	532.50	1167.25	230.00	132.5	11.4	4.0	25.0	4.7	90	1:2
BASF,10	03/90	4.26	16.88	49.62	130.00	160.06	100.00	12.7	6.9	10.2	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	80.00	105.00	64.00	5.4		14.8	15.0	1.9	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	89.00	89.00	38.00	5.5		16.2	15.0	1.7		
BAYER INDIA,100	03/90	16.22	17.65	208.82	825.00	1075.00	600.00	32.8	24.4	25.2	20.0	2.4	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	52.00	77.50	32.50	1.9	-0.3	27.4	10.0	1.9	82	3:5
BHADRA PAPER,10	03/90	10.57	28.95	37.39	170.00	170.00	75.00	4.3	6.2	39.5	32.5	1.9		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	237.50	265.00	97.50	4.1	5.9	57.9	30.0	1.3	88	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	43.75	62.00	32.50	2.7	0.1	16.2		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	19.00	51.50	18.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	150.00	150.00	75.00	7.5	5.0	20.0	27.5	1.8	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	42.50	80.00	37.50	3.3	4.6	12.9	50.0	11.8	90	1:2
BIRLA JUTE,10	03/91	20.37	128.37	73.02	267.50	267.50	79.00	19.2	7.7	13.9	30.0	1.1	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	15.00	26.00	9.00	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	117.50	135.00	50.00	1.6	5.3	73.4	15.0	1.3	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	70.00	120.00	43.75	13.3	1.5	5.3	20.0	2.9	90	1:1
BOM BURMAH,100	03/90	5.52	19.47	452.72	1200.00	1250.00	780.00	88.2	38.9	13.6	30.0	2.5	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	211.25	240.00	108.50	9.8	7.7	21.6	40.0	1.9	90	1:1
BOM SUBURBAN,10	03/90	6.80	78.22	128.52	71.00	140.00	44.00	18.2	12.0	3.9	20.0	2.8	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	130.00	140.00	92.50	5.6	3.9	23.2	30.0	2.3	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	60.00	68.00	52.50	5.9		10.2	25.0	4.2	82	1:2
BRITANNIA,10	03/90	18.57	33.30	27.93	142.50	162.50	105.00	5.3	2.8	26.9	24.0	1.7	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	139.00	167.50	114.00	5.9		23.6	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	82.50	110.00	67.50	3.0	2.3	27.5	15.0	1.8	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	46.00	87.00	36.25	7.9	2.9	5.8	20.0	4.3		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	650.00	650.00	280.00	5.0	-5.6	130.0	15.0	2.3	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	97.50	117.50	66.00	11.0	3.4	8.9	26.0	2.9		
CADBURY,10	03/90	8.40	14.40	27.14	161.25	185.00	140.00	6.3	2.3	25.6	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	55.00	95.00	40.00	2.3		23.9			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	15.00	31.00	9.00	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	266.25	266.25	142.19	6.1	8.5	46.9	27.0	0.9	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	92.50	125.00	70.00	15.2	6.3	6.1	30.0	3.2	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.95	115.00	120.00	75.00	7.0	2.8	16.4	30.0	2.6	84	3:5
CENTURY ENKA,100	03/91	23.25	161.52	794.71	2550.00	3964.29	2321.43	104.2	66.0	24.5	49.0	1.9	90	2:5
CENTURY SPIN,100	03/91	26.62	252.97	1050.30	5025.00	5025.00	3440.00	306.3	120.1	16.4	50.0	1.0	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	18.00	34.00	13.50	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	107.50	120.00	89.00	6.7	2.6	16.0	31.5	2.9	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	12.00	19.00	10.25	1.8	1.2	6.7	18.0	15.0		
CITURGIA,10	03/90	3.38	8.34	34.67	115.00	140.00	85.00	8.8	2.9	13.1	35.0	3.0		
COLGATE,10	12/89	31.44	25.32	18.05	315.00	340.00	218.75	8.0		39.4	42.5	1.3	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	925.00	1000.00	605.00	30.0	3.0	30.8	22.0	2.4	80	2:5
COMET STEEL,10	03/91	9.65	5.34	15.53	16.00	31.00	15.50	0.9		17.8		10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	76.50	80.00	41.00	4.3	1.5	17.8	20.0	2.6	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	24.00	45.00	18.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1325.00	1650.00	682.50	80.9	33.6	16.4	18.0	1.4	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	135.00	142.50	81.25	7.8	4.6	17.3	25.0	1.9		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 17.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.98	1.36	44.00	58.75	25.50	4.3	3.2	10.2				
DCM,10	03/89	23.02	37.80	26.42	275.00	275.00	47.00	2.6	-2.2	105.8			71	4:5
DEEPAK FERT,10	03/90	36.68	11.32	13.09	28.00	42.00	24.00	3.2	4.1	8.8	18.0	6.4		
DEEPAK NITR,10	03/90	2.43	9.23	47.98	92.00	140.00	82.00	14.3	8.6	6.4	30.0	3.3	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	42.50	70.00	40.02	10.0	5.1	4.2	25.0	5.9	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	107.50	110.00	48.00	3.1	1.8	34.7	25.0	2.3		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	252.00	265.00	57.50	368.5	82.6	0.7	40.0	15.9	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	52.50	85.00	50.00	2.3	2.0	22.8	30.0	5.7	76	1:3
E. MERCK,10	12/90	5.94	7.40	22.46	91.00	95.00	59.00	3.3		27.6	20.0	2.2	86	3:5
E.I.HOTELS,10	03/90	23.84	47.57	29.95	40.00	62.50	40.00	4.5	0.5	8.9	22.0	5.5	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	47.50	51.25	22.00	3.5	3.4	13.6		10.0		
EID PARRY,10	03/90	6.28	31.42	60.03	102.50	104.00	75.00	8.1	5.5	12.7	25.0	2.4		
ELECON ENG,10	03/90	5.65	27.25	58.23	52.50	77.50	47.50	1.8		29.2	12.0	2.3	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	21.00	32.50	13.50	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	67.50	84.00	34.50	3.3		20.5	25.0	3.7	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	158.00	185.00	94.00	6.6	4.7	23.9	30.0	1.9	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	181.25	191.25	113.75	10.4	6.5	17.4	30.0	1.7	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	34.50	47.00	20.00	2.9	4.6	11.9	30.0	8.7		
EXCEL,10	03/90	4.62	18.89	50.89	335.00	390.00	181.00	20.0	16.2	16.8	50.0	1.5	84	4:5
FAG PRECISION,10	03/90	3.36	8.71	35.92	95.00	140.00	63.75	13.8	8.7	6.9	18.0	1.9		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	37.50	82.50	37.50	15.9		2.4	25.0	66.7	80	1:2
FGP,10	03/90	4.89	7.34	25.01	60.00	75.00	52.00	5.3	2.2	11.3	22.0	3.7	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	140.00	240.00	120.00	16.7	9.3	8.4	45.0	3.2	87	1:1
FINOLEX,10	03/90	3.24	38.28	128.15	216.25	375.00	170.00	28.1	15.6	7.7	50.0	2.3	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	37.00	55.00	24.00	4.8		7.7	26.0	7.0	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	74.00	85.00	50.00	4.3	0.9	17.2	20.0	2.7	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	73.75	85.00	51.00	5.0	1.8	14.8	20.0	2.7	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	235.00	265.00	130.00	14.4		16.3	22.0	0.9	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	36.25	49.00	27.00	6.7	3.0	5.4	20.0	5.5	90	1:5
G.K.W.,10	03/90	24.06	41.04	27.06	39.00	70.00	27.50	6.0	0.5	6.5	15.0	3.8	83	1:3
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	92.00	96.00	31.00	7.2	7.2	12.8	35.0	3.8	72	1:4
GABRIEL,10	03/90	2.64	5.63	31.33	45.00	77.50	45.00	6.6		6.8	18.0	4.0	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	110.00	135.00	62.50	2.8	4.2	39.3	25.0	2.3	32	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	45.00	62.50	35.00	3.6	2.6	12.5	30.0	6.7		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	32.00	67.00	32.00	3.6	2.0	8.9	15.0	4.7	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	47.50	60.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	17.50	22.00	13.50	5.9	1.6	3.0	15.0	8.6		
GEN ELECTRIC,10	03/90	7.20	30.80	52.50	48.00	54.00	31.00	3.8	2.5	12.6	10.0	2.1	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	18.00	41.00	15.00	-47.1			14.7	8.2	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	142.50	180.00	120.00	5.2	10.0	27.4	80.0	4.2	89	1:2
GERMAN REME,10	03/90	6.52	5.61	18.60	115.00	200.00	70.50	13.3	1.8	8.6	20.0	1.7	90	1:1
GLAXO,10	03/90	20.00	49.88	34.94	94.00	107.00	82.50	7.7	2.8	12.2	27.0	2.9	80	1:3
GODFREY PHILIPS,10	03/90	2.80	3.80	24.62	320.00	320.00	80.00	11.0	21.6	29.1	35.0	1.1	75	1:1
GOETZE,10	03/90	6.93	16.53	33.85	115.00	120.00	80.00	6.7	3.4	17.2	32.0	2.8	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	255.00	255.00	92.50	13.7	11.0	18.6	32.0	1.3	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	55.00	140.00	53.75	8.5	1.8	6.5	20.0	3.6	78	5:7
GOODYEAR,10	12/90	14.96	47.11	41.49	54.00	70.00	45.00	4.5		12.0	25.0	4.6	90	1:1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	12.00	22.50	11.50	0.4	0.3	30.0				
GRASIM,10	03/91	60.20	279.13	56.37	244.00	265.00	122.00	15.9	7.2	15.3	35.0	1.4	88	3:4
GREAVE COTTON,10	03/90	9.86	30.96	41.40	72.00	110.00	60.00	6.6	2.1	10.9	18.0	2.5	88	1:2
GUJ ALKALIES,10	03/90	17.90	29.78	26.64	147.50	160.00	87.00	4.2	3.1	35.1	26.0	1.8	87	1:5
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	159.00	164.00	43.50	7.3	4.8	21.8	25.0	1.6		
GUJ NARMADA,10	03/89	86.99	103.47	21.63	41.75	54.00	34.00	3.4	0.4	12.3	10.0	2.4		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	208.75	260.00	160.00	11.6	8.3	18.0	30.0	1.4	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	196.25	237.50	115.00	10.6	5.6	18.5	75.0	3.8	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.86	87.50	120.00	80.00	10.0	3.5	8.8	26.0	3.0	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	90.00	90.00	23.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	68.75	128.75	60.00	9.4	4.1	7.3	30.0	4.4		
HIND CIBA,100	03/90	17.71	40.07	326.26	1160.00	1230.00	700.00	92.7	38.5	12.5	30.0	2.6	90	1:2
HIND DEVELOP,10	03/90	32.93	92.56	38.11	98.00	110.00	75.00	3.9	2.4	25.1	20.0	2.0	86	1:1
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	70.00	115.00	52.50	7.3	2.8	9.6	25.0	3.6	89	1:1
HIND FERODO,10	03/90	5.50	1.89	13.44	29.00	40.00	15.00	0.1		290.0	7.5	2.6	83	4:5
HIND LEVER,10	12/90	93.32	162.06	27.37	158.00	168.75	118.50	7.1		22.3	42.0	2.7	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.06	22.25	54.50	17.00	0.8	0.4	27.8	7.5	3.4	86	1:1
HINDALCO,10	03/90	17.85	200.47	122.31	248.75	355.00	171.88	36.1	19.8	6.9	37.5	1.5	90	3:5
HIMM,10	03/90	14.18	93.90	76.22	370.00	400.00	296.25	12.4	5.3	29.8	40.0	1.1	87	1:1
HOECHST,100	03/90	9.58	56.06	685.18	2700.00	3650.00	1745.00	94.5	56.1	28.6	20.0	0.7	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	96.25	140.00	23.75	4.0	1.4	24.1	15.0	1.6		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	16.00	26.00	14.00	0.1	-0.1	160.0				
HOUSING DEV FIN,100	03/90	19.98	64.98	425.23	460.00	475.00	260.00	123.6	82.8	3.7	20.0	4.3		
HYD ALLWYN,10	12/86	17.45	10.70	16.13	13.00	25.00	8.00	1.4	1.2	9.3	15.0	11.5		
I.O.L.,10	03/90	14.60	31.44	31.53	48.50	56.00	31.00	0.2		242.5	10.0	2.1	85	1:3
ICI,10	03/90	40.87	84.19	30.60	48.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM,10	03/90	5.88	9.13	25.53	25.00	45.00	23.00	3.9	1.8	6.4				
INDIA CEMENT,10	03/90	4.90	48.98	108.96	142.00	155.00	37.00	5.9	7.0	24.1	15.0	1.1	89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 17.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
INDIA GYPSUM,10	03/90	8.96	-4.84	4.83	12.00	22.00	9.50	-2.4	-1.3					
INDIA POLYFIBRES,10	03/90	29.75	-2.73	9.08	7.75	22.00	7.00	-0.9	-1.1					
INDIA STEAMSHIP,10	03/90	10.15	-63.17	-52.24	10.00	16.50	8.70	1.8		5.6			75	1:1
INDIAN ALUM,10	03/90	41.50	49.09	21.83	172.50	250.00	145.00	14.1	7.0	12.2	25.0	1.4	77	2:5
INDIAN DYESTUFF,100	03/90	9.41	38.71	511.37	610.00	775.00	347.50	44.4	46.0	13.7	14.0	2.3	80	1:4
INDIAN HOTEL,10	03/90	14.79	51.27	44.67	92.00	127.50	85.00	7.8	-1.0	11.8	25.0	2.7	89	1:2
INDIAN ORGANIC,10	03/90	18.40	26.38	24.34	41.50	86.00	31.25	4.6		9.0	15.0	3.6	85	1:2
INDIAN RAYON,10	06/90	25.40	202.97	89.91	110.00	163.75	107.50	7.8	4.0	14.1	30.0	2.7	80	1:4
INDIAN SEAMLESS,10	03/90	3.86	2.36	16.11	142.50	165.00	72.50	4.7		30.3	25.0	1.8	89	3:4
INDOGULF FERT,10	03/90	164.92	0.25	10.02	33.00	40.00	17.50	0.1	-0.2	330.0				
INDU NISSAN,10	03/90	14.00	1.21	10.86	13.50	25.50	12.50	0.2	0.5	67.5	6.0	4.4		
INGERSOLL,10	03/90	15.78	34.25	31.70	317.50	360.00	220.00	9.1	5.3	34.9	25.0	0.8	89	1:1
ION EXCHANGE,10	03/90	3.50	11.10	41.71	83.75	90.00	52.50	2.9	0.7	28.9	13.0	1.6	88	4:5
IPITATA,10	03/90	12.00	-15.79	-3.16	53.75	80.00	21.50	2.9	1.4	18.5				
ITC 10	03/90	86.34	152.27	32.95	157.25	185.00	74.50	7.9	5.7	19.9	37.5	2.4	89	1:1
J.B.CHEMICAL,10	03/90	3.00	8.02	30.07	165.00	207.50	75.00	12.7	17.0	13.0	21.0	1.3		
J.K.INDUSTRIES,10	06/90	14.04	27.86	29.84	87.00	87.00	47.50	11.8		7.4	30.0	3.4	87	1:1
J.K.SYNTHETIC,10	03/90	38.51	129.12	43.53	35.50	79.00	27.00	1.1	-5.7	32.3	20.0	5.6	83	1:3
JAYANT VITAMIN,10	06/90	3.87	5.11	23.20	24.00	44.00	23.00	4.2		5.7	10.0	4.2	87	2:5
KALYANI BRAKES,10	03/90	3.90	-4.84	-2.41	87.00	105.00	42.50	4.0	2.1	21.8				
KALYANI STEEL,10	03/90	4.72	9.05	29.17	260.00	500.00	187.50	19.7	5.7	13.2	75.0	2.9	90	1:1
KELVINATOR,10	06/90	8.40	25.48	40.33	152.50	152.50	82.00	10.8	9.7	14.1	20.0	1.3	89	1:1
KESORAM 10	03/90	11.46	53.78	56.93	98.00	132.50	49.00	2.3		41.7	10.0	1.0	79	1:2
KHODAY DIST.10	03/90	9.00	8.88	19.87	33.00	42.50	25.00	5.9	2.8	5.6	12.0	3.6		
KINETIC ENGG,10	03/90	2.88	22.29	87.40	178.75	240.00	155.00	12.3	7.7	14.5	25.0	1.4	89	1:1
KINETIC HONDA,10	06/90	9.99	7.63	17.64	85.00	95.00	55.00	3.4	4.3	19.1				
KIRL CUMMINS,10	03/90	28.40	41.95	25.89	132.50	148.00	75.00	4.4	2.0	30.1	20.0	1.5	86	1:1
KIRL PNEUMATIC,10	03/90	3.85	11.28	39.30	51.50	85.00	35.00	6.7	1.5	7.7	18.0	3.5		
KIRLOSKAR OIL,10	03/90	5.75	13.16	32.89	82.00	82.00	33.75	5.2		15.8	16.0	2.0	76	3:7
KLOCKNER WIND,10	03/90	4.50	12.31	37.36	175.00	215.00	92.50	13.1		13.4	24.0	1.4	90	1:1
KSB PUMPS,10	03/90	8.70	12.25	24.08	197.50	260.00	170.00	7.3	3.1	27.1	20.0	1.0	89	1:1
LAKME,10	03/90	3.15	9.67	40.70	260.00	300.00	123.75	5.6	4.8	46.4	28.0	1.1	89	1:2
LARSEN TOUBRO,10	03/90	68.09	321.18	57.17	101.00	166.25	70.00	6.3	7.2	16.0	25.0	2.5	86	3:5
LIPTON,10	12/90	15.75	24.51	25.56	100.00	110.00	65.00	3.7		27.0	22.0	2.2		
LLOYD STEEL,10	03/90	5.07	4.92	19.70	53.75	100.00	40.00	7.2		7.5	25.0	4.7	89	1:2
LML,10	03/90	21.42	9.07	14.23	25.25	66.00	12.50	0.2	-0.2	126.2			80	4:5
MACNEILL MAGOR,10	03/90	2.74	39.99	155.95	117.00	117.00	90.00	11.9	8.4	9.8	25.0	2.1		
MADRAS CEMENT,100	03/90	3.02	18.65	717.55	4550.00	4550.00	1000.00	22.5	278.0	202.2				
MADURA COATS,10	03/90	21.96	92.32	52.04	185.00	270.00	115.00	8.4	7.8	22.0	40.0	2.2	90	1:2
MAFATLAL FINE,100	03/90	14.48	18.90	230.52	390.00	690.00	242.50	-33.1	6.6	47.1		3.1	80	1:3
MAFATLAL IND,100	03/90	13.45	51.38	482.01	980.00	1300.00	540.00	22.7	19.1	43.2	22.0	2.2	78	1:5
MAHIN & MAHIN,10	03/90	19.26	113.23	68.79	78.75	115.00	65.00	8.3	3.3	9.5	25.0	3.2	84	2:3
MAHINDRA NISSAN	03/90	19.26	0.15	10.08	20.00	28.00	12.50	-1.5	-2.5					
MAHINDRA UGINE,10	03/90	11.50	26.98	33.46	80.00	85.00	47.50	4.1		14.6	20.0	3.3	88	1:2
MANGALAM CEM,10	03/91	7.11	13.42	28.87	78.75	82.50	33.50	5.8	1.5	13.6	24.0	3.0		
MANGALORE CHEM,10	09/90	59.72	0.17	10.03	12.50	35.00	11.00		-9.8			4.3		
MASTERSHARE,10	06/89	225.00	280.80	22.47	33.85	37.00	19.85	8.3		4.1	18.0	5.3		
MATHER PLATT,10	03/90	23.04	9.15	13.97	27.50	45.00	23.00	1.8	0.7	15.3	22.0	8.0	87	3:5
MAX INDIA,10	03/90	2.79	6.17	32.11	70.00	100.00	67.50	5.5	2.0	12.7	30.0	4.3		
MAZDA INDUST,10	11/89	4.32	2.64	16.11	8.00	15.00	5.00	-0.7				14.1		
MCDOWELL,10	03/90	9.99	25.89	35.92	65.00	100.00	60.00	8.9	2.0	7.3	25.0	3.8	86	1:1
MCLEOD RUSSEL,10	03/90	6.25	22.38	45.81	122.50	135.00	89.00	13.9	13.6	8.8	60.0	4.9	89	3:5
METAL BOX,10	03/90	14.68	-26.32	-7.93	7.75	13.75	6.50	-9.4					87	1:2
MILES INDIA,10	03/90	1.28	2.08	26.25	75.00	110.00	50.00	4.4	1.4	17.0	20.0	2.7	89	1:1
MILKFOOD,10	03/90	1.14	4.49	49.39	95.00	185.00	95.00	23.0		4.1	30.0	3.2	87	1:1
MODI INDUSTRIES,10	03/89	3.30	23.65	81.67	12.50	30.00	12.50	-52.6	-1.6			3.2	89	1:5
MODI RUBBER,10	03/90	10.38	52.50	60.58	65.00	95.00	55.00	6.9	3.8	9.4	25.0	3.8	84	2:5
MODI XEROX,10	03/90	19.46	6.50	13.34	67.00	104.00	60.00	3.1	0.5	21.6	16.0	2.4		
MOTOR INDUST,100	12/89	38.05	67.85	278.32	1170.00	1300.00	700.00	38.4	19.4	30.5	14.0	1.2	86	1:1
MRF,10	03/90	3.86	55.04	152.59	565.00	565.00	220.00	32.4	19.2	17.4	60.0	1.1	75	1:2
MUKAND IRON,10	03/90	14.74	92.60	72.82	183.75	242.50	132.00	11.4	5.7	16.1	30.0	1.6	88	1:2
MYSORE CEMENT,10	03/90	19.23	97.87	60.89	66.00	66.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
NAGAR FINANCE,10	03/90	2.43	4.87	30.04	13.75	22.50	13.00	7.1	3.2	1.9	25.0	18.2		
NATION PEROXIDE 100	03/90	2.30	7.18	412.17	1225.00	1225.00	525.00	-19.1	-80.4		6.0	0.5		
NATIONAL RADIO 100	03/90	6.98	3.75	153.72	360.00	700.00	275.00	14.0		25.7				
NESTLE,10	12/89	36.62	5.70	11.56	140.00	156.75	115.00	3.9		35.9	30.0	2.1	89	3:5
NIPLON,10	03/90	15.76	-23.74	-5.06	23.50	37.00	14.00	-11.8	-5.6				82	1:2
NOCIL 10	03/90	36.00	109.85	405.14	1270.00	1850.00	925.00	117.3	37.9	10.8	40.0	3.1	86	1:2
ORISSA CEMENT,10	03/90	5.40	47.44	97.85	180.00	180.00	40.00	2.5	0.5	72.0	20.0	1.1	87	1:1
ORKAY,10	03/90	66.29	51.65	17.79	28.75	47.00	16.00	0.2	0.5	143.8		17.5		
ORIENTAL AGRO,10	06/89	96.72	81.67	18.44	38.00	72.50	32.00	2.8	2.1	13.6	50.0	13.2	87	3:5
ORIENTAL PAPER,10	03/90	18.00	0.15	10.08	18.00	35.00	17.00	-2.5		90.0				
OTIS ELEVATORS,10	03/90	5.37	20.34	47.88	210.00	245.00	170.00	7.5	3.5	28.0	25.0	1.2	85	1:1
PARKE DAVIS,10	09/90	7.59	4.98	15.42	75.00	122.50	70.00	3.7	4.2	20.3	35.0	4.7	90	3:5
PFIZER,10	03/90	13.32	46.09	22.03	79.00	90.00	33.50	2.0	2.9	39.0	10.0	1.3	82	1:5
PFIZER,10	03/90	11.72	18.91	24.43	72.50	158.25	60.00	2.3	1.8	31.5	20.0	2.8	77	4:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 17.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM,10	03/90	6.00	17.30	38.83	71.25	106.72	45.36	11.5	4.1	6.2	25.0	3.5	90	1:2
POLYOLEFINS,100	03/90	19.30	56.49	392.69	1210.00	1450.00	850.00	94.0	33.8	12.9	35.0	2.9	88	1:2
PONDS,10	12/90	10.01	19.26	29.24	216.00	220.00	155.00	7.6		28.4	37.5	1.7	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	53.00	79.00	32.00	7.5		7.1	30.0	5.7	86	1:1
PROCTER & GAM,10	06/90	6.66	11.66	27.49	265.00	340.00	196.00	8.7	5.3	39.6	30.0	1.1	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	23.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	77.50	135.00	70.00	1.9	3.3	40.8	10.0	1.3	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	150.00	152.50	95.00	8.4	6.6	17.9	27.5	1.8	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	166.50	178.00	88.00	8.1	7.2	20.6	20.0	1.2	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	265.00	275.00	207.50	11.1	4.8	23.9	47.5	1.8	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	14.00	22.00	12.00	0.9	0.7	15.6				
RELIANCE PETRO	03/89	86.47	0.48	10.06	39.00	56.50	20.50	0.6		65.0	18.0	4.6		
RELIANCE,10	03/90	152.11	958.12	72.99	142.50	234.00	62.50	5.9	5.5	24.2	30.0	2.1	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	36.00	50.00	35.00	3.3	1.8	10.9	20.0	5.6	86	1:2
REVATHI C.P.10	03/90	1.60	4.29	36.81	80.00	100.00	72.50	5.8		13.8	20.0	2.5	87	1.1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	92.50	118.75	63.75	9.8	3.1	9.4	15.0	1.6		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	65.00	75.00	37.50	2.2	1.9	29.5	12.0	1.8	80	1:3
ROSS MURARKA,10	06/90	4.64	13.17	38.38	27.50	32.50	16.00	10.4	1.5	2.6	20.0	7.3		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1375.00	2950.00	1150.00	202.0	63.9	6.8	45.0	3.3	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	23.00	40.00	18.00	-8.4	-2.7	3.5		7.8	88	1.3
SANDOZ,10	12/89	5.30	24.68	56.57	107.50	136.74	80.00	11.2		9.6	18.0	1.7	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1425.00	1425.00	610.00	87.2		16.3	30.0	2.1	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	13.50	13.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	132.50	155.00	110.00	5.3	4.9	25.0	20.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	210.00	231.25	90.00	6.7	9.5	31.3	18.0	0.9	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	114.00	118.00	78.00	12.7	6.3	9.0	42.5	3.7	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	145.00	148.00	108.00	4.4	4.0	33.0	30.0	2.1	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	130.00	140.00	65.00	0.4	-3.4	325.0				
SIPTA COATED,10	03/91	17.59	7.77	14.42	13.00	30.00	13.00	0.2		65.0		9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2700.00	2775.00	1450.00	84.0	50.7	32.1	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.80	96.06	55.50	75.00	34.00	6.8	1.3	8.2	16.0	2.9	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	68.00	75.00	45.00	6.8	3.8	10.0	18.0	2.6	89	3:5
SPECIAL STEEL,10	03/90	11.39	14.36	22.61	200.00	250.00	120.00	10.4	5.2	19.2	25.0	1.2	89	1:2
SRF,10	09/89	10.33	22.89	31.97	40.00	65.00	32.50	4.2		9.5	18.0	4.5	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	65.00	120.00	51.25	1.2	1.9	54.2	20.0	3.1	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.96	19.11	16.00	26.00	10.75	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	153.00	161.00	88.00	7.2	4.4	21.2	30.0	2.0	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	36.00	57.50	36.00	14.2	5.2	2.5	25.0	6.9		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	37.50	85.00	36.00	0.1	1.1	375.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	120.00	137.50	76.00	9.3	2.6	12.9	27.5	2.3	88	3:5
SUND FINANCE,10	03/90	6.00	23.82	49.37	64.00	73.00	38.50	15.3		4.2	30.0	4.7	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	312.50	312.50	175.00	20.3	9.7	15.4	45.0	1.4	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	43.00	90.00	35.00	4.6	1.3	9.3	17.5	4.1		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	47.00	65.00	38.75	4.3	2.7	10.9	25.0	5.3		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	67.00	117.00	60.00	5.5	2.2	12.2	30.0	4.5	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	226.25	252.50	139.00	9.9	5.1	22.9	30.0	1.3	82	2:5
TATA OIL,10	03/90	8.11	25.19	41.06	76.25	150.00	47.20	16.5	2.9	4.6	20.0	2.6	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1250.00	1750.00	582.50	56.9	28.0	22.0	20.0	1.6	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	47.00	75.00	32.50	-3.6		10.9	10.0	2.1		
TATA STEEL,10	03/90	229.43	1103.11	58.08	193.00	230.00	116.25	6.5	3.3	29.7	30.0	1.6	86	2:5
TATA TEA,10	03/90	17.10	109.99	74.32	320.00	450.00	204.00	24.3	16.3	13.2	60.0	1.9	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	155.00	200.00	80.00	11.8	4.3	13.1	30.0	1.9	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	58.00	84.00	33.00	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	41.00	47.50	27.50	2.5	-4.3	16.4	15.0	3.7		
TUBE INVESTMENT,	03/90	6.71	28.62	52.65	77.50	95.00	65.00	6.7	3.1	11.6	24.0	3.1	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	15.00	17.00	9.00	1.1	-0.8	13.6		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	13.00	26.00	11.00	1.3		10.0				
TWENT.CENT,10	03/90	8.88	12.44	24.01	32.50	52.00	26.25	4.5		7.2	22.0	6.8	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	54.00	76.25	37.00	8.1		6.7	20.0	3.7	86	1:1
UNION CARBIDE,10	03/90	32.58	29.86	19.17	46.50	46.50	25.50	-4.1		16.8	12.0	2.6	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	135.00	135.00	45.00	1.8	2.6	75.0	10.0	0.7		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	12.50	27.00	12.50	4.3	-0.8	2.9	20.0	16.0		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	180.00	195.00	111.25	15.7	5.7	10.2	35.0	2.2		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	225.00	530.00	190.00	66.2	37.0	3.4	40.0	1.8		
VINDHYA TELE,10	03/90	3.90	20.90	63.59	67.50	135.00	60.00	8.0	1.4	8.4	22.5	3.3		
VOLTAS,100	03/90	19.85	61.98	412.24	122.50	140.00	76.00	9.2	5.8	13.3	24.0	19.6	89	1:2
VST INDUSTRIES,10	03/90	9.85	16.71	27.32	185.00	185.00	45.00	6.1	9.1	27.0	30.0	1.8	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	25.00	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	140.00	180.00	103.75	20.9	18.3	6.7	70.0	5.0	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	24.50	44.00	17.00	-2.9	0.7				70	1:5
ZF STEERING,10	03/90	2.25	1.02	14.53	47.50	80.00	37.50	2.0	1.1	23.8	12.5	2.6		
ZENITH,10	03/90	9.15	-11.20	-2.24	25.00	55.00	25.00	-28.4	-11.9	9.2	30.0	12.0	87	1:4
ZUARI,10	03/90	12.43	57.09	55.93	71.50	95.00	59.00	4.7	4.2	15.2	30.0	4.2		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

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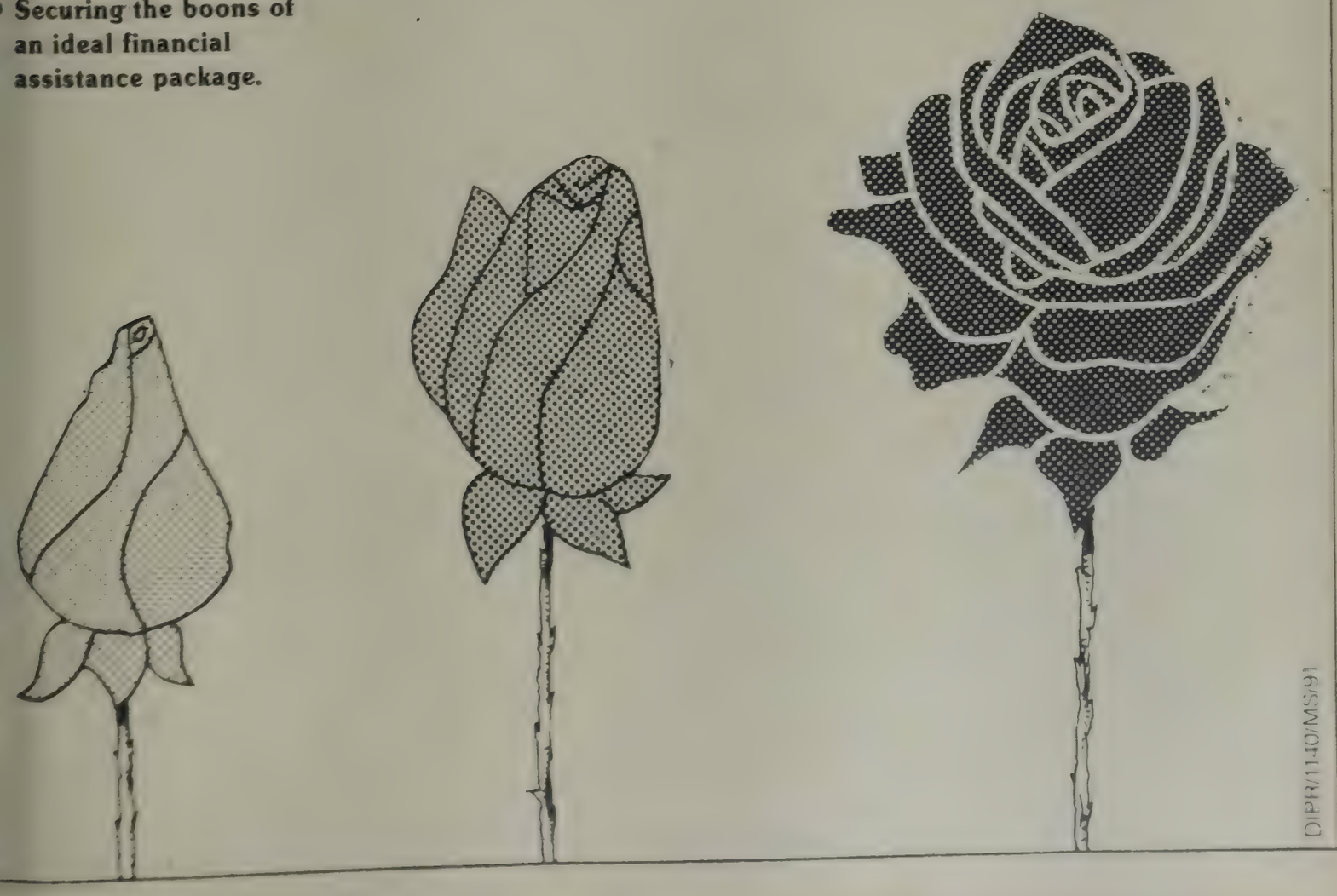
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DIPR/1140/MS/91

Winning comes easy

Unlike in the past few contests, this time (IC342) there are winners galore — 177 in all.

Scrips	Prices as on Friday 5 April 1991 (Rs.)	Prices as on Monday 6 May 1991 (Rs.)	Ranks
ABB	147.50	140.00	5
ACC	2,295.00	2,290.00	3
Century Enka	2,600.00	2,500.00	4
Crompton Greaves	875.00	1,350.00	1
Essar Gujarat	56.25	62.50	2
Larsen & Toubro	116.25	94.50	6

Given below is a new list of six scrips, and their closing prices on 17 May 1991. Pick the share that you think will rise the most in percentage terms by 17 June 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 17 June 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 13 June, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

Name of scrip	Prices as on Friday 17 May, 1991 (Rs.)	Rank as on Monday 17 June, 1991 (please fill in number)
Grasim	244.00	
Indian Aluminium	172.50	
Kinetic Engineering	178.75	
National Peroxide	1,225.00	
TISCO	193.00	
Titan Watches	84.00	

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Age: _____

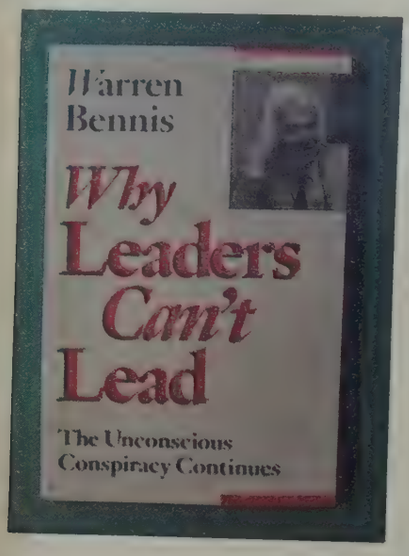
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How to excel



WHY LEADERS CAN'T LEAD — THE UNCONSCIOUS CONSPIRACY CONTINUES
By Warren Bennis
Jossey-Bass Publishers, 1990.
Distributed by IBD, Bombay, pp 169, Rs.250

The book under review is on leadership, a fascinating subject which has attracted several researchers and authors all over the world. The types of books produced by them are different. Some provide theoretical models, whereas others of the genre could be categorised as biographical in nature.

This work is entirely different. *Why Leaders Can't Lead* is an analysis of the problems facing anyone who tries to take charge of an organisation — of whatever kind — and effect change. It offers specific suggestions on how to counter the inetria of the *status quo* that threatens any innovative plan in its implementation. It also provides some clues on how to keep routine activities from sapping the leader's ability to make a real impact.

Leadership guru

The author gives suggestions to leaders and would be leaders on how to excel. And he is quite obviously qualified to do so. With fifteen books on the subject, Bennis is currently regarded as one of America's foremost gurus on leadership. But, it is not a quickie, how-to-do book. It is based on extensive research spanning over five years. Bennis spent considerable time with 60 leading figures from the US corporate world and 30 from the public sector, and tried to identify a common trait among them. It required considerable probing, and the book is the result of that extensive probing.

The author found that there was more diversity than commonality among them. But, he did come to some conclusions. The most important one was the distinction between leaders and managers. Leaders are people who do the right thing; managers are people who do things right. But an amazing finding was that many people in top positions were doing the wrong things well. He also came to the conclusion that American organisations are underled and overmanaged. This is not true of only American organisations. It is true of Indian organisations too. We do find many pygmies occupying the position of chief executive in the Indian corporate world.

The book is divided into four parts. The first part paints a gloomy scenario of present day America. Things are not different in India. One thing comes out loud and clear. That chaos has overtaken order. And we need leaders who can transform society.

The second part deals with what ails American society. It is a society without vision. As a nation cannot survive without virtue, it cannot progress without some common vision. The lesson for the prospective leader, whether he is leading a nation or a corporation, is to develop a vision.

The third part dwells on some other maladies of American society. They are diversified and deep. Why so? As the quality of leaders declines, the quantity of problems escalates. Some of the maladies identified are obsessions with the bottom-line and greed predominating the lives of human beings.

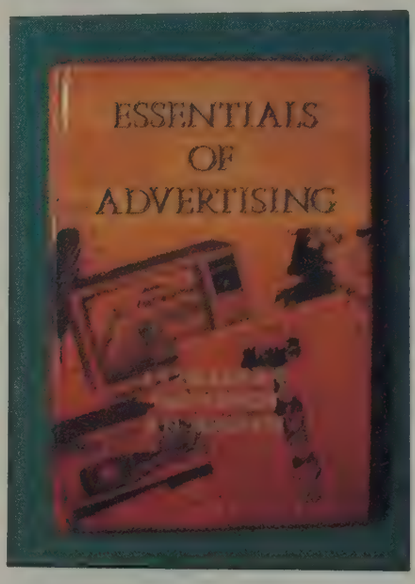
The fourth and last part of the book is devoted to some suggestions on what leaders and would be leaders should do. The most readable one is on "quitting on principles". It is easier said than done. With the mad rush for grabbing the chair by hook or by crook, who will listen to the sane advice of the author?

The book has been able to succinctly present the author's findings on leadership. And the beauty of the book lies in the fact that it does not try to build theoretical models or indulge in jargon. The discerning reader, however, will find how similar are the problems of Indians to those of Americans.

■ P.N. SINGH

The reviewer is senior vice-president (HRD), Indian Rayon and Industries Ltd

A lazy attempt



ESSENTIALS OF ADVERTISING
By J.S. Chandan, Jagjit Singh, & P.N. Malhan
Oxford & IBH, 1990 pp 255; Rs.150

Indian advertising suffers from a lack of solid book-form literature on it. The few text books on advertising for B.Com students are pathetic in content and production quality. Subroto Sen Gupta's books — *Cases in Indian Communication Management* and his second book (1990), on brand positioning — are exceptions however.

Essentials of advertising by Chandan, Singh and Malhan makes up for the bad production values of past Indian books by easy-on-the-eyes print and layout. In content, however, you wish that co-author, Jagjit Singh of the Institute of Marketing Management, New Delhi, had used his vast access to the growing body of Indian magazine features on brand, corporate and social marketing advertising to make this book relevant.

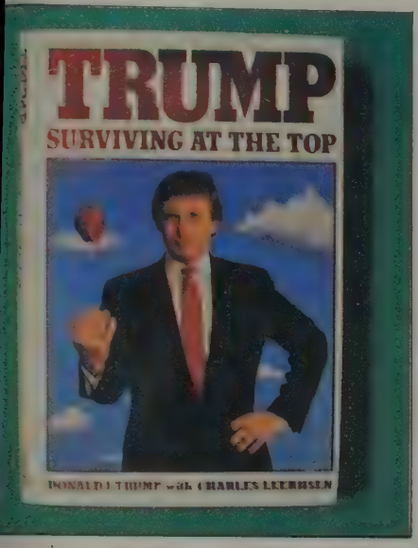
Too sketchy

Instead, what we get is an edited version of American text books on advertising that is sketchy. For example, political advertising is dealt with in just two paragraphs. Nik Sen Gupta of the New Delhi South Block has generously described this book in his foreword to it, as "useful reading for professionals and non practising ad people."

It's really, however, a lazy attempt by an academically well-qualified trio: and what's more almost all the examples are American; a few Indian names are perfunctorily thrown in for relevance.

■ BRINSTON MIRANDA

Plenty of chutzpah



TRUMP: SURVIVING AT THE TOP
By Donald J.Trump with Chalses Leerhsen
Random House, 1990. Distributed by IBD, pp 235, Rs.410

This book is Donald Trump's second literary effort to create God in Trump's own image. It is, nevertheless, a fascinating book. Revolted as readers will undoubtedly be by Trump's constant self-marketing and by the ruthlessness inherent in some of his values, the stories of his deals make for absorbing reading. They reveal Trump to be an excellent negotiator and a perceptive judge of character. Thus, despite its pretentious title and some tedious chapters on "Survival", "Life at the top" and "Toughness" — these have obviously been put in to justify the title —the book makes for interesting reading and it is quite understandable why it was for many months on the New York Times best-seller list.

Image is all important for Trump. And, the image that he most successfully portrays in the book is that of a skilled negotiator. A classic example is his deal in 1988 with Merv Griffin, the American TV game-show compere, for the Resorts International Hotel chain and its then upcoming showpiece, the Taj Mahal casino. Trump, after first bidding for the entire chain because he wanted the Taj, was able to out-manoeuvre rival Griffin by getting him to buy the rest of the chain — sick by then — while keeping the Taj for himself. While Griffin trumpeted then that he had out-trumped Trump", it was Trump's deal all along. The financial journal, *Barron's*, later showed that Griffin had overpaid by at least $200 million, even given the most optimistic estimates of Resorts' future performance. Not surprisingly, the company went bankrupt in December 1989.

Skilled deal-maker

Most readers familiar with the Western media's views on Trump, and given his embarrassing financial decline recently, probably feel cynical about any of Trump's talents. It is, in fact, difficult to separate the image that the media has made of a greedy and arrogant man (partly true) from his skills as a deal maker and judge of people.

Given the nature of his talents, it is probably not surprising that Trump's failures have been in fields unrelated to property. The most publicised one, and the one in which the American press — including the likes of *Time* and *Newsweek* — went into a state of hysteria, was the break-up of his marriage. Once again, in retrospect, it was the media that came out the worst from the break-up.

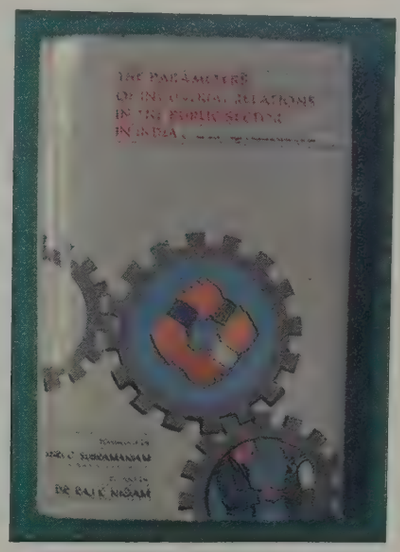
Trump's purchase of Adnan Khashoggi's yacht, *Nabila*, was another failure, although Trump denies it. The yacht, now called the *Trump Princess*, is currently up for sale. The story of the yacht shows up the peculiarities of Trump's character more than his deal-making skills. Anyone who can put sculpture and literature in their place by calling an opulent and gaudy yacht a "piece of art" purchased for "art's sake" has to have plenty of guts, not to speak of a total lack of aesthetics. Similarly, Trump's pride in the Taj casino — a shiny structure that looks like the Kremlin — has probably replaced forever in the minds of Western readers — who mostly know only what they have recently read — the idea of romance with that of glitz. It is, however, a view that Trump has always held.

There is a section in the book on Trump's views on America's role in the world. They are similar to Lee Iacocca's chauvinism and make for painful reading. For example, it is surprising that an excellent deal-maker at the grassroots level should propose a 20 per cent tax on American imports from Japan. Perhaps it is not so surprising. A good businessman rarely makes a good economist and *vice versa*.

The recession currently on in America has slowed Trump. But he battles on, pitching his name for all it is worth. A fighter like that has to have plenty of chutzpah. But that's Donald Trump.

■ RAFIQ DOSSANI

Much left unsaid



THE PARAMETERS OF INDUSTRIAL RELATIONS IN THE PUBLIC SECTOR IN INDIA
Edited by Raj K. Nigam
Documentation Centre for Corporate & Business Policy Research, New Delhi, 1990, Rs.150

The book is a collection of articles by persons who have had to deal with industrial relations in public sector companies at some time or the other.

The book has two parts. In the first part, Bagaram Tulpule's article is the only one which at least makes an effort to outline the problems in dealing with industrial relations — problems relating to discipline and rules, supervisor-worker frictions, etc.

Laudatory tone

The second part of the book purports to deal with the ideal industrial relations obtaining in Madras Refineries Ltd. The articles are laudatory, where everyone praises everyone else, and contribute little to the understanding of the processes at work which could have brought about this ideal state of affairs.

The significance of the book, thus, lies in what it does not say. If public sector enterprises feel they can have better industrial relations only if they are truly autonomous and if governmental interference is considered an obstacle to good industrial relations, it is high time the subject was discussed openly and frankly.

■ RADHA D'SOUZA

The reviewer is a labour lawyer and writes on industrial relations

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Regional Offices:

Bombay: 11 Horn Modi Street, 2nd Floor, Room No. 24, Fort, Bombay-400 023. Phone: 277116. Fax: 022-274428. Telex: 011-82577 KAST IN

Calcutta: 7 Camac Street, Camac Plaza, Room No. 703, Calcutta-700 020. Phones: 754820, 748012. Telex: 021-4842 KAST IN

Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 6 and 19 May, 1991.

THE FOUR BEST JOBS

- GENERAL SALES MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* 32-37 years * Preferably MBA * *Reqd* 10 years experience including 3 years at senior management in sales of consumer non-durables and hospital products * *Cont* G.W. Shaw, President (Marketing), J.L. Morison (I) Ltd, Crystal, 79 Dr A. B. Road, Worli, Bombay 400018 (ToI - 6.5)
- VICE-PRESIDENT (Finance) * Baroda * *Sal* Attractive + house + car + driver * *Age/Qlfn* Around 40 years * Qualification in accounting, preferably with business management * *Reqd* Senior corporate level experience in finance * *Cont* Dr R. Banerjee, Consindia Pvt Ltd (ToI - 13.5)
- CHIEF EXECUTIVE (Environment Control Engineering) * Bombay * *Sal* Handsome with perks * *Age/Qlfn* 40 years * NS * *Reqd* Exposure to engineering and contracting with commercial approach * *Cont* MS/5688, A.F. Ferguson Associates, P.O. Box 1786, Bombay 400001 (ToI - 13.5)
- GENERAL MANAGER (Technical) * Interior Western India * *Sal* Rs.3 lakh and above * *Age/Qlfn* 40 years * B.Tech in textile technology * *Reqd* 10 years relevant experience in synthetic blended spinning mill * *Cont* Managing Director, Post Box No. 6540, Cumballa Hill, Bombay 400026 (ToI - 13.5)

NATIONAL

- GENERAL MANAGERS * Calcutta, Madras & Ghaziabad * *Sal* NS * *Age/Qlfn* Engineer, preferably mechanical or metallurgical * *Reqd* Minimum 5 years experience in a senior managerial position in a reputed organisation * *Cont* Director (Operations), Electrosteel Castings Ltd, 4 BBD Bagh (East), Calcutta 700001 (S-12.5)
- GROUP VICE-PRESIDENT (Personnel) * NS * *Sal* Comparable to the best * *Age/Qlfn* NS * NS * *Reqd* 20 years experience in human resource management * *Cont* Ms Pratibha Sheth, Executive Director, Shilputsi Consultants, P.O. box No.9386, Bombay 400026 (ToI - 13.5)
- DIVISIONAL MANAGER (Manufacturing) * Central India * *Sal* Rs.1.2 lakh pa + house + car & driver * *Age/Qlfn* Around 40 years * Mechanical/electrical engineer * *Reqd* 12-15 years works management experience * *Cont* DMM/MDS/04, K. Shankar Raman, Regional Manager, ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 6.5)

WEST

- HEAD OF ELECTRICAL PROJECTS * Bombay * *Sal* Attractive with perks * *Age/Qlfn* About 35 years * Graduates, preferably in electrical engineering * *Reqd* Over 10 years experience at senior level managing medium to large projects * *Cont* Ref:MS/5687, A.F. Ferguson Associates, P.O. Box 1786, Bombay 400001 (ToI - 13.5)
- GENERAL MANAGER (Administration & HRD) * Bombay * *Sal* NS * *Age/Qlfn* Commerce graduate with management discipline * *Reqd* 8-10 years experience in official procedure, personnel matters etc * *Cont* Director (HRD), A Industries Ltd, 6A Lalwani Industrial Estate, 14 G.D. Ambedkar Road, Wadala, Bombay 400031 (ToI - 13.5)
- EXECUTIVE DIRECTOR (Real Estate & Construction Division) * Bombay * *Sal* Attractive * *Age/Qlfn* NS * Preferably formal qualification in engineering/finance/architecture * *Reqd* 10-12 years experience in construction or real estate. * *Cont* The Chairman, House of Patels, Natasha, 52 Hill Road, Bandra, Bombay 400050 (ToI - 13.5)
- COMPANY SECRETARY * Bombay * *Age/Qlfn* 35-40 years * Chartered secretaries with law degree * *Reqd* 8-10 years of senior level experience in all aspects of corporate industrial legislation * *Cont* Dr. R. Bannerjee, Consindia Pvt Ltd, Anand Ashram, 2nd Floor, 22 Pandita Ramabai Road, Gamdevi, Bombay 400007 (ToI - 13.5)

NORTH

- GENERAL MANAGER (Mines & Mineral Investigations) * North India * *Sal* Attractive * *Age/Qlfn* NS * Mine engineers or PG in geology * *Reqd* Should have minimum 20 years of experience in heavy chemical or cement industries * *Cont* Box 417103, Hindustan Times, New Delhi 110001 (HT - 7.5)
- CHIEF MARKETING MANAGER * Gwalior * *Sal* Attractive * *Age/Qlfn* Around 40 years * Engineer, preferably in textile technology with PG in marketing management * *Reqd* 15 years in tyre industry including 5 in senior position * *Cont* Senior Personnel Manager, Nylon Tyre Cord Division, Ceat Ltd, 505 New Delhi House, 27 Barakhamba Road, New Delhi 110001 (ToI - 7.5)

SOUTH

- GENERAL MANAGER (Marketing) * Hyderabad * *Sal* Comparable to the best * *Age/Qlfn* 35-40 years * NS * *Reqd* 8-10 years experience in bulk drugs * *Cont* The Executive Director, Standard Medical & Pharmaceuticals Ltd, 6-3-652, Kantilya, Somajguda, Hyderabad 500482 (ToI - 13.5)

OVERSEAS

- GENERAL MANAGER * Oman * *Sal* Rs.60,000 pm + perks * *Age/Qlfn* 45-55 years * NS * *Reqd* Should have relevant knowledge in general management, fabric construction with a strong marketing orientation * *Cont* The Chairman, Oman Textiles Mills, C/o Oman International Bank, 1A Mittal Court, Nariman Point, Bombay 400021 (HT-8.5)
- FINANCIAL CONTROLLER * Nigeria-Lagos * *Sal* Savings upto US $15,000 pa * *Age/Qlfn* Around 35 years * Chartered/Cost accountant * *Reqd* At least 10 years experience, including 3-5 years in senior capacity * *Cont* S.C. Seth, Kishinchand Chellaram (I) Pvt Ltd, Gazdar House, 3rd Floor, 629 A, Jagannath Shankar Shett Marg, Bombay 400022 (ToI - 19.5)
- CHIEF EXECUTIVE * Mozambique * *Sal* Attractive * *Age/Qlfn* 35-40 years * Fluent in spoken & written Portuguese. Preferably with management degree * *Reqd* At least 5 years experience as a profit centre head * *Cont* Group Vice-President (P&A), The UB Group, 1 Vittal Mallya Road, Bangalore 560001 (ToI - 19.5)
- GENERAL MANAGER (Auto Agency) * Yemen * *Sal* US $ 2,500 pm + perks * *Age/Qlfn* 40-45 years * Engineers preferably with PG in management * *Reqd* 10-15 years experence in automobile industry * *Cont* CMP/F-4223, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 19.5)

Executive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

NATIONAL

- MANAGER (Finance) * Mysore * *Sal* NS * *Age/Qlfn* 35 years * CA/ICWA * *Reqd* At least 8-10 years experience, of which at least 5 in managerial cadre * *Cont* The Director, The Printers (Mysore) Ltd, 66 Mahatma Gandhi Road, Bangalore 560001 (H - 4.5)
- SENIOR CREDIT OFFICER * Bombay * *Sal* Attractive + perks + A/c car * *Age/Qlfn* 40 years * NS * *Reqd* Knowledge of credit practices, local rules. Skill in financial analysis * *Cont* LBS/332, Personnel Search Services, 71-A, Mittal Chambers, Nariman Point, Bombay 400021 (ToI - 6.5)
- SENIOR MANAGER (Plastics) * Bangalore * *Sal* NS * *Age/Qlfn* 35-38 years * Engineers with PG in plastic processing/moulding * *Reqd* Proven managerial record, familiarity with latest technology * *Cont* BM-P/91, British Physical Laboratories India Ltd, 64 Church Street, Bangalore 560001 (ToI - 6.5)
- DEPUTY GENERAL MANAGER/SENIOR MANAGER (Project & Constructions) * UP * *Sal* Attractive * *Age/Qlfn* NS * Engineer * *Reqd* Knowledge of PERT, CPM. 10-15 years experience in project management * *Cont* N.U. Thomas (R), Director & Group Vice-President (HRD), Usha Rectifier Corporation (I) Ltd, 3 Cama Place, New Delhi 110066 (ToI - 6.5)
- MARKETING MANAGER (Automotive Components) * South India * *Sal* Attractive * *Age/Qlfn* 35-40 years * Engineers, preferably with MBA * *Reqd* 12 years relevant experience preferably in marketing automotive components * *Cont* ABC Consultants Pvt Ltd, 4 Khader Nawaz Khan Road, Madras 600006 (ToI - 13.5)
- EXPORT MANAGER (Electrical Products) * Bombay * *Sal* Attractive, with perks * *Age/Qlfn* Around 35 years * Graduates, preferably with PG in foreign trade * *Reqd* 8-10 years experience in handling exports * *Cont* MS/5686, A.F. Ferguson Associates, P.O. Box No. 1786, Bombay 400001 (ToI - 13.5)
- LADY PUBLIC RELATIONS MANAGER * Bombay * *Sal* Attractive + perks * *Age/Qlfn* NS * PG in journalism/mass communication * *Reqd* 3-5 years experience in public relations * *Cont* The Director-Personnel, Oberoi Hotel, Nariman Point, Bombay 400021 (ToI - 14.5)
- AREA SALES MANAGERS * NS * *Sal* Attractive * *Age/Qlfn* Below 30 years * MBAs * *Reqd* 3 years of managerial experience in field sales * *Cont* The Regional Manager, Titan Watches Ltd, Holland House, S. Bhagat Singh Marg, Bombay 400039 (ToI - 14.5)
- ZONAL MANAGER * Bangalore * *Sal* NS * *Age/Qlfn* NS * MBA * *Reqd* 10 years marketing experience, preferably in cement * *Cont* Assistant Manager (HRD), Indian Rayon & Industries Ltd, 107 Jolly Maker Chambers No.2, Nariman Point, Bombay 400021 (ToI -15.5)
- PERSONNEL MANAGER * Ahmedabad * *Sal* Attractive * *Age/Qlfn* NS * Professional qualifications in personnel management * *Reqd* 9-12 years experience in welfare administration, personnel management, salary administration or recruitment & training * *Cont* Ms Pratibha Sheth, Executive Director, Shilputsi Consultants, P.O. box No.9386, Bombay 400026 (ToI - 18.5)
- PRODUCTION MANAGER (Garments) * NS * *Sal* NS * *Age/Qlfn* Around 35 years * NS * *Reqd* 7-10 years experience in production of men's shirts * *Cont* The Chief Personnel Manager, Tata Exports Ltd, 'A' Block, Shivsagar Estates, Dr. Annie Besant Road, Worli, Bombay 400018 (ToI - 18.5)

OVERSEAS

- WORKS MANAGER (Plastics Moulding) * Nigeria-Lagos * *Sal* Savings upto US $ 15,000 pa * *Age/Qlfn* 35 years * Graduate, preferably in mechanical engineering * *Reqd* Should have at least 10 years working experience in a plastic factory * *Cont* S.C. Seth, Kishinchand Chellaram (I) Pvt Ltd, Gazdar House, 3rd Floor, 629A Jagannath Shankar Sheth Marg, Bombay 400002 (S - 8.5)
- MARKETING MANAGER * Oman * *Sal* Rs.50,000 pm + perks * *Age/Qlfn* Early 40s * MBA * *Reqd* Proven track record in marketing textiles in a fiercely competitive environment * *Cont* The Chairman, Oman Textiles Mills, c/o Oman International Bank, 1A Mittal Construction, Nariman Point, Bombay 400021 (HT - 8.5)
- PROJECT/PLANT MANAGER * Kenya * *Sal* Attractive * *Age/Qlfn* 35-45 years * Mechanical engineers * *Reqd* Minimum 10 years experience in sugar industry * *Cont* Ref CMP/H-4210, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (H - 11.5)
- QUALITY CONTROL MANAGER * Saudi Arabia * *Sal* SR 57,000 pa + perks * *Age/Qlfn* 28-40 years * Degree holder in dairy/food technology * *Reqd* 5 years experience in quality control management in the dairy industry * *Cont* J.V. Mehta, Executive Director, Creative Marg Consultants Pvt Ltd, 21 Atlanta, Nariman Point, Bombay 400021 (ToI - 12.5)
- TECHNICAL MANAGER * Zambia * *Sal* Attractive * *Age/Qlfn* NS * Graduate/PG in science * *Reqd* experience in planning, coordinating and implementing approved technical programmes to increase machine efficiency * *Cont* M/s Textile Consult SA, C/o Manner Textiles SA, 3 Ruie Du Conseil General, 1205 Geneva, Switzerland (ToI - 12.5)
- PRODUCTION MANAGER * Yemen * *Sal* Tax-free salary + perks * *Age/Qlfn* NS * Mechanical/electrical/production engineers * *Reqd* 7-10 years manufacturing experience in lead acid battery factory with 2-3 years as production manager * *Cont* CMP/F-4043, Datamatics Staffing Services, P.B. No.106, GPO, Bombay 400001 (ToI - 12.5)
- MARKETING MANAGER * Nigeria * *Sal* Assured savings of Rs.1.8 lakh p.a. * *Age/Qlfn* 30-35 years * Managerial qualifications * *Reqd* 8-12 years experience in marketing and actual selling in urban and rural areas * *Cont* S.B. Billimoria & Co, Meher Chambers, 2nd Floor, Nicol Road, Ballard Estate, Bombay 400038 (ToI - 19.5)

Corporate Management

USHA RECTIFIER, a multilocation, multiproduct company, with interests in Electricals & Electronics and Iron & Steel, requires for their Corporate Office in Delhi.

SENIOR VICE PRESIDENT
(CORPORATE AFFAIRS)

The incumbent will directly report to the Managing Director and will be responsible for interacting at top levels with the Government and various policy making bodies and related agencies. He would be required to provide support and guidance to the existing divisions of the company in matters relating to policies and procedures as well as assisting in getting necessary clearances for new projects and in the expansion and diversification plans of the company. The ideal candidate would be between 40 to 45 years of age and should have worked in a large company at the Corporate level for at least five years. He should be fully conversant with Government policies and procedures with respect to Industry and Finance.

VICE PRESIDENT
(LEGAL)

The incumbent would be responsible for advising management on all legal matters relating to the company including drafting of collaboration agreements, trademark matters, licensing, company law, supervision of legal proceedings, direct & indirect tax matters, etc. Skills in legal drafting and interpretation of Corporate and economic legislations would be called for. The ideal candidate would be a law graduate with an ACS qualification and senior level experience. Excellent standing in the profession coupled with a proven track record of achievements in this field are essential. Practising lawyers with suitable experience will also be considered. Preferred age between 40 to 45 years.

VICE PRESIDENT
(INTERNATIONAL TRADE)

The incumbent will be responsible for achieving the targeted export turnover by increasing exports from Group companies and introducing non-company product exports. The ideal candidate would be between 35 to 45 years of age and should possess thorough knowledge of international markets, have the ability to identify potential markets, develop reliable vendors, capacity to form and manage a dynamic export team and sound commercial acumen to achieve targeted volumes and profit targets. He should have around 10 years relevant experience out of which about 5 years should have been as head of merchant export operations in a large export/trading house.

The compensation package offered is atrractive and would not be a limiting factor for the right candidate. Please apply or call in strict confidence :

DR. R.L. CHOUDHURY (Director & Group Vice President)

USHA RECTIFIER CORPORATION (I) LTD

3 Cama Place, New Delhi-110 066

Phone: (PBX) 6873447, 676901, (Dir) 6873937: (R) 6447290

VICE PRESIDENT — FINANCE

Baroda

Attractive remuneration package
+ Housing and car with driver

PADMATEX ENGINEERING LTD. are in need of a Senior Finance Manager to take charge of the total Finance and Accounts function of the Company reporting to the Managing Director.

The Company is a joint venture undertaking set up by the House of Mafatlals and W. Schlaforst & Co. of Germany for the manufacture and marketing of highly sophisticated textile machinery with a current turnover of around Rs. 75 crores. Apart from considerable scope for growth in this area, the Company has active plans for diversification into allied fields of precision engineering.

Candidates should have a qualification in Accounting, preferably backed by a Business Management qualification and should have held senior corporate level positions in the finance and accounting functions of companies of comparable or larger size. Preference will be given to candidates who have experience of dealing with foreign collaborators and are familiar with foreign exchange operations and export finance.

Preferred age: around 40 years.

Applications in strict confidence should be sent within a fortnight to:

DR. R. BANERJEE

CONSINDIA

PRIVATE LIMITED

"Anand Ashram", 2nd Floor, 22, Pandita Ramabai Road,
Gamdevi, Bombay 400 007.

Empire Finance

Empire

VICE-PRESIDENT
Capital Market Services

We are looking for a senior individual with a strong background in merchant banking and capital market services. Our growth plan this year includes a significant entry into the capital market activities to make it grow to a formidable presence over the next couple of years. The person we have in mind has to be a self-starter and competent enough to build a team of professionals in a relatively short period. The position will report to the Managing Director and be given all necessary supports to help grow merchant banking strength of the organisation. Obviously, the position will be offered a highly attractive remuneration package. We are not setting any particular yardstick so far as the candidate's education and age are concerned. We would however prefer the person to be in the age group of 35-40 and with a degree of either post-graduation or CA/MBA.

Please write to:

The Managing Director
Empire Finance Co. Ltd.
414, Senapati Bapat Marg,
Bombay 400 013.

PUBLIC ENTERPRISES SELECTION BOARD INVITES APPLICATIONS FOR THE POST OF

DIRECTOR (FINANCE)

FOR CALCUTTA

Attractive Remuneration
+ Car + Housing

The Public Enterprises Selection Board invites applications for the post of Director (Finance) for NTC Subsidiary Corporation located at Calcutta but transferable to other subsidiaries also.

2. NTC (Holding Company) with 124 mills and a sales turnover of about Rs. 1,000 crores a year is the largest Textile Group in the country and is one of the largest in the world. Under the Holding Company, based at Delhi it has 9 subsidiaries to manage these mills. The turnover of each subsidiary ranges from Rs. 75 crores to Rs. 200 crores a year. Each of them has an employee force ranging from 10000 to 21000. The Company is engaged in a highly competitive business covering a variety of textile products and plans to undertake major modernisation of plant and equipment and product upgradation and diversification.

3. Each subsidiary is managed by a Board of Directors headed by a CMD and Functional Directors. Director (Finance) will report to the CMD of the Subsidiary Corporation. He will be a Director on the Board of the Subsidiary Corporation. He will be head of Finance Division of the subsidiary and responsible for ensuring sound financial management, negotiations with financial institutions/ banks for term finance, budgetory control, financial review, internal audit and costing and tax planning.

4. Applicants should be around 45 years of age, must hold a University degree and be qualified Chartered Accountant/ Cost Accountant/ Company Secretary and have a minimum of 15 years experience in financial management of which at least 5 years should be at a senior management level in industry, preferably, textiles. An MBA degree with specialisation in finance from a recognised University/Institute will also suffice. Officers from specialised Accounts Services with 15 years experience are also eligible.

5. The post is in the scale of pay of Rs. 6,500-175-7550 but likely to be revised in Schedule 'C' scale of pay of Rs. 7500-200-8500 plus other allowances as admissible under the Company rules. Other perquisites like medical facilities, contributory provident fund, gratuity, leave travel concession, Company car at concessional rates, leased accommodation etc. are also admissible. Applicants with exceptional qualifications and experience can be considered for higher scale of pay and emoluments. The candidates should be below 56 years of age.

6. Application with full particulars of age, qualification, experience, pay drawn with the scale of pay, and other relevant details should reach :—

Secretary, Public Enterprises Selection Board, Public Enterprises Bhawan, Block No. 14, 3rd Floor, C.G.O. Complex, Lodhi Road, New Delhi-3 within 15 days of the release of this advertisement.

7. All applications will be treated in strict confidence. Those from the Government and Public Sector should apply through proper channel. The candidature of Government official will be subject to immediate absorption in NTC Subsidiary Corporations.

A Reputed Group of Companies with interests in Trading & Manufacturing activities
(Current turnover about Rs. 350 crores +) with
great potential for further expansion, is in look out for a

FUND RAISING EXPERT/SPECIALIST.

To Function

As **FULL TIME ADVISOR** OR **GM (FUNDS)**

(Rs. 3.00 Lacs + Attractive Perks)

OBJECTIVES: To study the companies present position INCISIVELY & decide on strategies – Long term & Short term – to raise funds for companies' various projects with a lot of potential to grow, subject to properly organised funding plan & strategy.

JOB: Study the SWOT of the companies' financial health & diagnise the needs.

- Decide on best suited prescription with the objective of complete appropriate funding schemes.
- Raise funds independantly i.e. from financial Institutions, Banks, Merchant Bankers, under-writers and any other sources.

Man: Should be a matured and thorough innovative expert in Fund Raising Management – by arranging loans, Financial Institutions or by way of bringing out "Issues by Public Subscription & loan.

Should have handled successfully a lot of such work in the last 10 yrs. and also having good grip of all the relevent economic legislation and 'MODUS' and proper appreciations of NORMS etc. Person should be 40 +, with appropriate qualifications.

Reporting to the DIRECTOR

Remuneration: Rs. 3 lacs and ABOVE plus Perks.

Please send your detailed achievements data + bio-data + photograph, in total confidence to: (Your identity will not be revealed/disclosed without your consent)

Managing Director
P.O. Box 6540 Cumballa Hill
BOMBAY 400 026

The DALMIAS are a diversified industrial conglomerate with interests in cigarettes, chemicals, dairy products, telecom, resorts, textiles, film production, advertising, paper and a host of other spheres. Projected group turnover for 1992 is Rs. 1000 crores. The group has a variety of expanding international/ domestic operations and is looking for a

GENERAL MANAGER — MARKETING
PREMIER PAPER MILLS LTD.,BOMBAY

This is a KEY position and the incumbent will head the marketing division. The major responsibilities will include :

- ☐ Evolving corporate marketing objectives
- ☐ Formulation/implementation of marketing policies and strategies in order to achieve budgeted targets
- ☐ Ensuring effective distribution and network expansion
- ☐ Organising efficient customer service and sales accounting
- ☐ Market research and product development
- ☐ Co-ordination with Finance and Production
- ☐ Sales administration and related Excise & Taxation matters

Applications are invited from outstanding professionals, preferably Management Graduates from the paper industry, having a minimum of 12 years' experience, of which at least 5 years should be at the all India level.

Ideal age group is 35 — 45 years.

The Group offers a healthy working environment and an excellent compensation package and company car with driver.

THE POSITION IS PRESENTLY LOCATED IN BOMBAY WHERE ACCOMMODATION WILL BE PROVIDED. THE INCUMBENT WOULD EVENTUALLY BE TRANSFERRED TO DELHI.

Please apply within 10 days with a recent photograph and contact telephone number, superscribing position title on the envelope, to :

Mr B.R. Grover
Director-Personnel
Dalmia (Bros) Pvt. Ltd.
Indraprakash Building, 2nd Floor
21 Barakhamba Road, New Delhi-110001

GOVAN/D/DBPL/5055/91 R

Standard Medical & Pharmaceuticals Limited

Standard Medical & Pharmaceuticals Limited is the Company that promoted the highly successful chain of MEDINOVA DIAGNOSTIC SERVICES at Hyderabad, Bangalore, Calcutta and Pune. Equipped with highly sophisticated instruments, MEDINOVA has redefined the medicare standards in the country.

After the establishment of these four MEDINOVA Centres in quick succession, Standard Medical & Pharmaceuticals is all set to further diversify into the fast growth areas of Bulk-drugs, Diagnostic Kits & X-ray Films and Franchise of Diagnostic Services. The thrust into these areas will see the emergence of Standard Medical as a corporate force with multifarious activities.

Over the years Standard Medical has built and nurtured a spirit of challenge and growth. The perseverance to reach the set goals. For our growth plans we need proven professionals who share the same spirit.

BULK-DRUGS

Standard Medical's diversification into the growing market of bulk drugs is a planned programme with a projected turn over of Rs.10/12 crores in the first year of operations itself. This division will play a key role in our growth plans.

For this division we require:

GENERAL MANAGER
(Marketing)

LOCATION: HYDERABAD

The ideal candidate should have at least 8-10 years experience in the line with excellent track record. He should have a thorough understanding of both domestic and export markets.

The selected candidate would be given independent charge of the marketing functions. He should be able to conceptualise and implement the marketing plans. This is a challenging position in the context of the Company's growth plans.

Age: 35-40 Years.

The above position is in key management cadre, calling for great degree of initiative and drive. The compensation package will be comparable to the best in the industry. Selected candidate can look forward to a professional and rewarding work environment.

Please apply in strict confidence with a detailed resume to:
The Executive Director, Standard Medical & Pharmaceuticals Ltd.,
6-3-652 'Kautilya', Somajiguda, Hyderabad 500 482.

Standard Medical & Pharmaceuticals Limited

Standard Medical & Pharmaceuticals Limited is the Company that promoted the highly successful chain of MEDINOVA DIAGNOSTIC SERVICES at Hyderabad, Bangalore, Calcutta and Pune. Equipped with highly sophisticated instruments, MEDINOVA has redefined the medicare standards in the country.

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Over the years Standard Medical has built and nurtured a spirit of challenge and growth. The perseverance to reach the set goals. For our growth plans we need proven professionals who share the same spirit.

DIAGNOSTIC KITS & X-RAY FILMS

Standard Medical's Diagnostic Kits & X-Ray Division will soon start marketing a wide range of diagnostic kits, including DNA Probes - both indigenous and imported. This will be a full-fledged division of the Company, contributing substantially to the turn over. The projected sales in the first year would be around Rs.3 crores.

For this Division we require:

GENERAL MANAGER
(Marketing)

LOCATION: HYDERABAD/BOMBAY

The incumbent should possess at least 5 years' experience in similar field of activity.

The selected candidate would be given independent charge of the division. He should have the vision to conceptualise and implement marketing strategies. This is a key position in the context of the Company's growth plans.

Age: 35-40 Years.

The above position is in key management cadre, calling for great degree of initiative and drive. The compensation package will be comparable to the best in the industry. Selected candidate can look forward to a professional and rewarding work environment.

Please apply in strict confidence with a detailed resume to:
The Executive Director, Standard Medical & Pharmaceuticals Ltd.,
6-3-652 'Kautilya', Somajiguda, Hyderabad 500 482.

A group of companies with proven strengths and established reputation in a range of products, including electronics, plastics and machine tools, is seeking seasoned professionals to help achieve its ambitious growth plans. The companies' products are of superior quality, based on innovative designs and West German collaboration. These positions will be of interest to executives with proven track records, excellent inter-personal skills, high initiative, and willingness to work in informally structured environments.

GENERAL MANAGER – MARKETING

COIMBATORE **(MS/4403)** **Around 2.5 Lakhs/annum**

Reporting to the Executive Director, this position will have overall responsibility for all the sales and marketing functions of the group. The specific responsibilities will include planning, setting goals, developing entire branch offices and dealer networks, formulating advertising and sales promotion campaigns, managing and motivating the sales team, and achieving the sales objectives. The Company already services around 1200 dealers.

The successful candidate will have a professional qualification from a reputed institution, preferably with post-graduate degree in Management and 15 years experience. He would have had successful field sales experience involving distribution networks and retail sales outlets, and experience in managing product development and launching of new products in a highly competitive environment. He would have managed a sophisticated and responsive sales force.

GENERAL MANAGER – FINANCE

COIMBATORE **(MS/4404)** **Around 2.5 Lakhs/annum**

Reporting to the Executive Director, this position will be responsible for all the Financial, Accounting and related areas of the group. The specific responsibilities will include general accounting, cost accounting, taxation, treasury functions, effective interaction with financial institutions, mobilising and managing cash resources, capital budgeting, introduction of cost and profit centre concepts, and a high level of internal control. The incumbent will be assisted by a team of professionals in the various functional areas.

The successful candidate will be a Chartered Accountant with 15 years experience, including at least five years as a Senior Financial Executive. Experience in manufacturing environments is essential and exposure to multi-plant operations will be an advantage. Additional qualifications in Company Secretary or Costing is desirable, but not essential.

Age 40 to 45 years for both positions. The compensation package is unlikely to be a constraint for the right candidates and includes company car, housing, and other perquisites commensurate with senior management positions.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Post Box No: 1261
Madras 600 034

giving full details of age, qualifications, experience and salaries drawn. Applications and envelopes should be marked with the appropriate MS Reference numbers.

Standard Medical & Pharmaceuticals Limited

Standard Medical & Pharmaceuticals Limited is the Company that promoted the highly successful chain of MEDINOVA DIAGNOSTIC SERVICES at Hyderabad, Bangalore, Calcutta and Pune. Equipped with highly sophisticated instruments, MEDINOVA has redefined the medicare standards in the country.

After the establishment of these four MEDINOVA Centres in quick succession, Standard Medical & Pharmaceuticals is all set to further diversify into the fast growth areas of Bulk-drugs, Diagnostic Kits & X-ray Films and Franchise of Diagnostic Services. The thrust into these areas will see the emergence of Standard Medical as a corporate force with multifarious activities.

Over the years Standard Medical has built and nurtured a spirit of challenge and growth. The perseverance to reach the set goals. For our growth plans we need proven professionals who share the same spirit.

FRANCHISE -DIAGNOSTIC SERVICES

Franchise division - diagnostic services will be a novel concept that will undertake the establishment of Diagnostic Centres on turn-key basis and subsequently running the centers. Plans are already firmed up for the establishment of such centres in various places in the country. For this division we require:

GENERAL MANAGER
(Marketing)

LOCATION: HYDERABAD

Ideal candidate would have sufficient exposure to the latest, sophisticated medical equipment and diagnostic activities.

The selected candidate will be associated with identifying new locations, new tie-ups and setting up of diagnostic services at various locations right from the project stage. He will be associated with technical analysis and acquisition of diagnostic equipment. He will be responsible for co-ordinating the activities of various departments during the project stage and afterwards.

Age: 35-40 Years.

FINANCE MANAGER
(Projects)

The candidate should be a Chartered Accountant/M.B.A. with 3-4 years' experience in the evaluation of projects.

The candidate will be required to prepare project reports, technical/price analysis and deal with banks and financial institutions for tying up finance.

Age: 30-35 Years.

The above position is in key management cadre, calling for great degree of initiative and drive. The compensation package will be comparable to the best in the industry. Selected candidate can look forward to a professional and rewarding work environment.

Please apply in strict confidence with a detailed resume to:
The Executive Director, Standard Medical & Pharmaceuticals Ltd.,
6-3-652 'Kautilya', Somajiguda, Hyderabad 500 482.

CONTINENTAL FLOAT GLASS LIMITED

'CONTINENTAL HOUSE ,
28, NEHRU PLACE, NEW DELHI-19

India's first float glass plant with Pilkington technology coming up fast at Bargarh, Distt. Banda (55 Kms. from Allahabad) offers challenging careers to dynamic and result oriented professionals with a proven track record for the posts of:

1. GENERAL MANAGER/DEPUTY GENERAL MANAGER (FINANCE)

Chartered Accountant with 15-20 years experience including at least 5 years in senior position in a large business/industrial house of repute. As the head of the Department, he would be responsible for all finance and accounts activities of the Company in Head Office at Delhi. Exposure to computerized accounting system would be desirable. Preferred age group 40-50 years.

2. GENERAL MANAGER/DEPUTY GENERAL MANAGER (ENGINEERING)

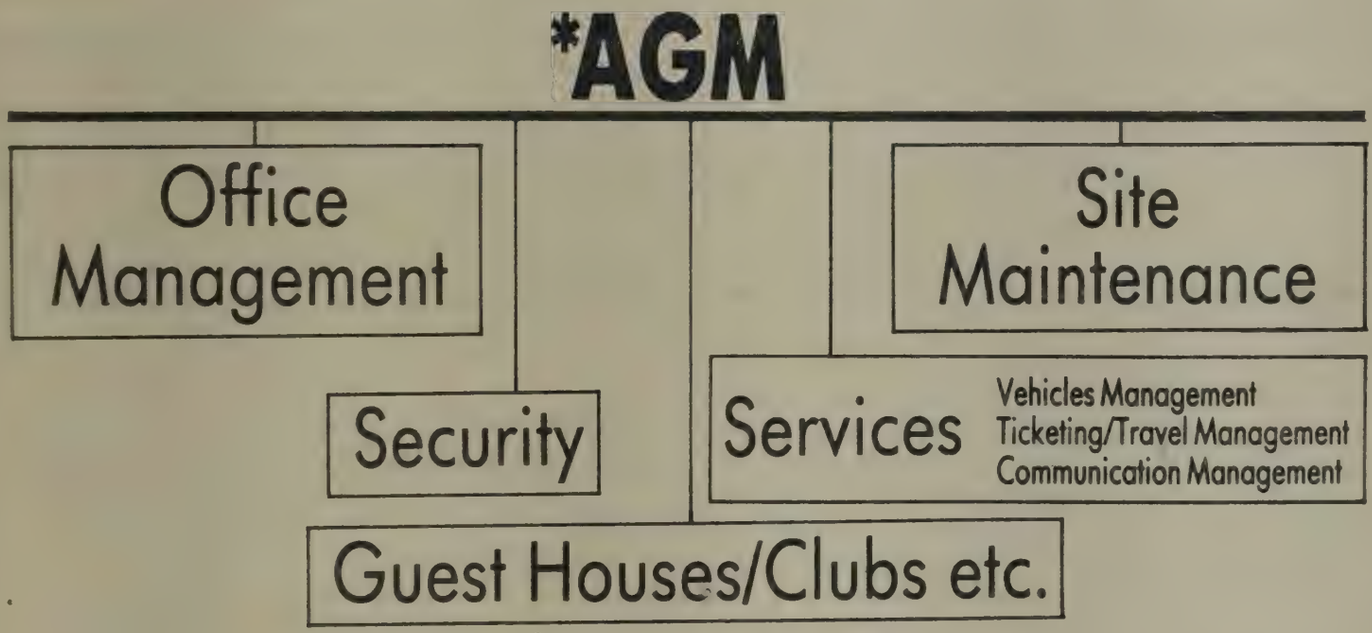
Post graduate/Graduate in Engineering (preferably Mechanical) with 15/20 years experience including at least five years as Chief Engineer or equivalent in an Engineering or Process Industry of repute. As head of the Department at Plant Site, he would be responsible for effective functioning of all the engineering disciplines of the Company i.e., Mechanical, Electrical and Instrumentation. Preferred Age Group 40-50 years.

Applications may be sent in confidence to the Joint Managing Director at the above address with full details of academic qualifications, experience, break-up of last monthly remuneration drawn and salary expected along with a recent passport size photograph, within 2 weeks from the date of publication of this advertisement.

A PUBLIC LTD. CO. FOR ITS PLANT IN SOUTH GUJARAT NEEDS AN

*ASSISTANT GENERAL MANAGER
(Administrative Support Services)

Job description chart:



- Site Maintenance: Civil, Horticulture etc.
- Office Management: Maintenance of equipments, secretarial staff management, communications etc.
- Services: Ticketing reservations, Mail, Vehicles etc.
- Maintenance & Management of Guest Houses & Clubs etc.
- Responsibility of Security measures.

A man with atleast 15-20 yrs. of experience in Industry in a support services area, who is a tough and strict administrator but with a service oriented approach. His main goal should be to see that managers, executives & officers of the company get facilities which will make them more productive.

AGE: Above 40.

REMUNERATION: Rs. 1.5 Lacs + Perks (negotiable for more experienced candidate)

REPORTING: To G.M.

If you think you can satisfy our requirements please write in detail + photograph in strict confidence to in 15 days here of:

The Chief Consultant
P.O. Box: 11747 Bombay 400 021

MAX

KEY PHARMA POSITIONS

MAX INDIA LIMITED is a pioneer and the country's largest manufacturer of 6-APA and 7-ADCA—two vital import-substitution drug intermediates. Max India has established itself from a manufacturer of vital drug intermediates into a multi-dimensional business enterprise in the high growth areas of Chemicals and Bio-Chemicals, Packaging, Electronics and Pharmaceuticals.

Our success has been based on attracting and retaining the best people in the business. They represent our prime capital resource. For the Pharmaceutical Business Group we now need professionals of calibre with a high degree of innovation and commitment.

MEDICAL ADVISOR
DELHI

RESPONSIBILITIES:
Organising clinical trials, registration of new products, support to the sales promotion group and an active role in the training of the field staff.

REPORTING: Vice-President, Marketing

REQUIREMENTS:
Must be an M.D. in Medicine or Pharmacology with an experience of about 10 years of which a minimum 5 years should be in the pharmaceutical industry.

Expected to be well versed with hardcore medicine knowledge, procedures, enactment and statutory obligations related to new product registration procedures

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HEAD OF ALL INDIA SALES
DELHI

RESPONSIBILITIES:
All India Sales including management of the field force, developing and implementation of selling strategies, establishing a distribution network, preparation of selling policies, exploration of all sales development avenues and achieving the All-India Sales targets.

REPORTING: Vice-President, Marketing.

REQIREMENTS:
Graduate in Science or Pharmacy with 15-20 years selling experience of which 5 years should be in a similar capacity at an All India level or at a senior level with independent responsibility of a large region.

REGIONAL MANAGERS.
NORTH, SOUTH, EAST & WEST

RESPONSIBILITIES:
Implementation of Marketing Plans, Management of field force, developing and controlling sales in a region for achieving targets

REPORTING: Head of All India Sales.

REQUIREMENTS:
Graduate in Science or Pharmacy with 10-15 years experience of which 3 years should be in a similar capacity at a regional level

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HEAD OF MARKETING
DELHI

RESPONSIBILITIES:
Development and implementation of marketing strategies. Preparation of the budget, annual forecasts and their achievement. Conception of new products, sales promotion inputs and training.

REPORTING: Vice-President, Marketing.

REQUIREMENTS:
Graduate in Science Pharmacy Business Management. Experience 15-20 years with a minimum of 5 years as Manager independently handling functions in the area of Product/Marketing Management.

MANAGERS PRODUCT PLANNING/ PRODUCT MANAGERS
DELHI

RESPONSIBILITIES:
Independently responsible for specialised product categories including identification of new products/concepts, preparation of marketing plan, promotional tools, strategies and their implementation.

REPORTING: Head of Marketing.

REQUIREMENTS:
Graduates in Science/Pharmacy/Business Management with 10 years of experience in the field of Pharmaceuticals or related business areas of which a minimum of 3 years should be in handling the direct responsibility for product planning/management of pharmaceutical formulations.

MANAGER TRAINING
DELHI

RESPONSIBILITIES:
Training of field force in relation to product knowledge, detailing and other related inputs

REPORTING: Head of Marketing.

REQUIREMENTS:
Graduate in Science or Pharmacy with about 10 years experience in pharmaceutical marketing of which 3 years should be in the training activity

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Compensation will not be a limiting factor. Please apply within seven days in strict confidence to:

SUSHIL KHURANA
Vice-President — Personnel
MAX INDIA LIMITED
Devika Tower, 6, Nehru Place
New Delhi-110 019



THE PRINTERS (MYSORE) LIMITED

Publishers : Deccan Herald, Prajavani, Sudha and Mayura

We are the leading newspaper and magazine publishing group in Karnataka. We are in need of an experienced and dynamic professional to take the position of :

CHIEF MANAGER - PERSONNEL

The selected candidate would be in the senior managerial cadre of the company reporting to the Director. The candidate will spearhead the entire gamut of Human Resources Development, Industrial Relations and Welfare Administration functions. In addition he will also oversee the functions pertaining to General Administration which include Security, Time - Office, Housekeeping, etc.

We invite responses from candidates preferably with post - graduate qualifications in Personnel Management. They should be in the age group of 35 to 40 years with at least 10 to 15 years of experience. Working knowledge of Kannada is essential.

The company offers attractive compensation package commensurate with qualifications and experience.

Applications enclosing complete biodata with details of . qualifications, experience, salary drawn and salary expected and a passport size photograph should be sent within 10 days to :

The Director
The Printers (Mysore) Limited
66, Mahatma Gandhi Road,
Bangalore - 560 001

Envelopes should be superscribed with code CM - P.

GSL



GSL (INDIA) LTD.

(formerly known as Gujarat Spinners Ltd.)

A fast growing & progressive Textile-Synthetic Yarns Spinning Mills having 25,000 spindles , + other modern equipments like Autoconers S.A. m/c and computer colour matching system with sound product development, S.Q.C. & R & D team to offer customers premium quality synthetic yarns.

Need at Amletha, 8 k.m. from Rajpipla, about 60 k.m. to Bharuch (S.G.) Rajpipla has schools, colleges, clubs, medical facilities to cater for a population of about 50000. Dry climate. Connected by Road transport to Baroda & Bharuch.

PERSONNEL MANAGER

The incumbent is to look after wages & salary. Administration, Attitude Survey & Training staff & executives. (He/She is to facilitate re-locating of personnel/executives; being brought in the system from time to time.) Handles job-analysis, enrichment evaluations, specifications, rotation, mediation, attitude surveys. Sensitivity training of staff. Manages Staff officers colony.

MANAGERS-INDUSTRIAL RELATIONS

The incumbent shall be responsible like Personnel Manager in the labour/worker management area. Besides result oriented industrial relations functions

SOCIAL COUNSELLOR

The person is to function as a custodian of confidence of labour/workers, in order to educate them in hygiene, environment, health, social security, and counsel them in their weak moments, make them live and achieve the fullness of their positive life by appropriate entertainment process – Dance, drama, music and other cultural activities. Thus help them effectively participate in productivity.

OPENINGS ALSO EXIST FOR FRESH GRADUATES IN RELATED PERSONNEL/ IR/SOCIAL COUNSELLING DISCIPLINES.

GENERAL REMUNERATION: will attract talent.

AGE: 27-35 yrs. for all positions (Relaxable)

QUALIFICATIONS: Post graduations in Personnel, Industrial Relations/Social Work/Social Psychiatry/Social Welfare Experienced Graduates can also apply.

EXPERIENCE: The persons should have minimum 8-10 yrs. in the relevant discipline of working and about 3-5 yrs. in responsible and accountable positions in well managed cum training environment, having work force over 1000.

REPORTING: All are to report to Dy. GM (H.R.D.) functionally and administratively. Interested applicant are to send C.V. + photograph in 15 days to:

Prof. G. Balakrishnan
Management – Consultant
GSL (India) Ltd.
145 Maker Chambers III
13th Floor, Nariman Point
Bombay 21. Ph.: 230661/230735.



You've been in Sales or Marketing long enough to know exactly how you want to operate.

Unfortunately, the company you're in doesn't operate that way.

Other companies you've looked at don't seem very flexible, either.

There doesn't seem to be much you can do, short of starting your own company. Right?

Wrong.

Take a look at Kanmoor Foods.

We're the newest company in the Rs. 175-crore Bombay Oil group.

We are putting our sales and marketing infrastructure together, from scratch.

That means that anybody joining us right now gets an opportunity to help shape a company's structure, systems and culture. (How open are we? Our first two employees wanted flexitime, and got it.)

THE NEXT BEST THING TO STARTING YOUR OWN COMPANY.

You'll get the opportunity to practice what you've been preaching on some interesting products.

Basmati rice is one. We are already test-marketing our brand in Bombay.

Then there are bottled sauces; mayonnaise and canned produce, from SIL. (We are in the process of acquiring the company that manufactures them.)

You'll be backed by an organization that is willing to go all out to become a signficant force in foods. As you've probably figured, it takes a lot of financial muscle to enter the packaged rice business in a big way – and we have it. It also takes a willingness to push for excellence to bring in food experts from the UK – which we've done for SIL.

What we'll be looking for in you is clear thinking, a track record of performance and (very important) an interest in food and cuisine.

And, of course, entrepreneurial drive.

KANMOOR FOODS LIMITED

MARKETING MANAGER

Bombay **Rs. 1.5 lakhs p.a. + house + car**

Must be from IIM/XLRI/FMS, 1982 batch or earlier. Should have a minimum of 4 years' product management experience in a large consumer products company.

Will be responsible for new product development, costing and pricing, budgeting and profitability, and advertising. Will handle the entire product management team, and will report to the General Manager – Marketing & Sales.

REGIONAL SALES MANAGER

Bombay **Over Rs. 1.25 lakhs p.a. + car**

Must be from IIM/XLRI/FMS with at least 5 years' field sales experience in consumer non-durables.

Will be responsible for setting up a selling and distribution network from scratch, and for managing a full regional sales team. Will report to the General Manager – Marketing & Sales.

AREA SALES MANAGERS

Bombay, Ahmedabad, Calcutta, Hyderabad, Cochin, Bangalore. **Over Rs. 1 lakh p.a.**

Must be from IIM/XLRI/FMS, with a minimum of 3 years' experience in sales of consumer products.

Will be in full charge of a territory, assisted by Sales Supervisors and a sales team.

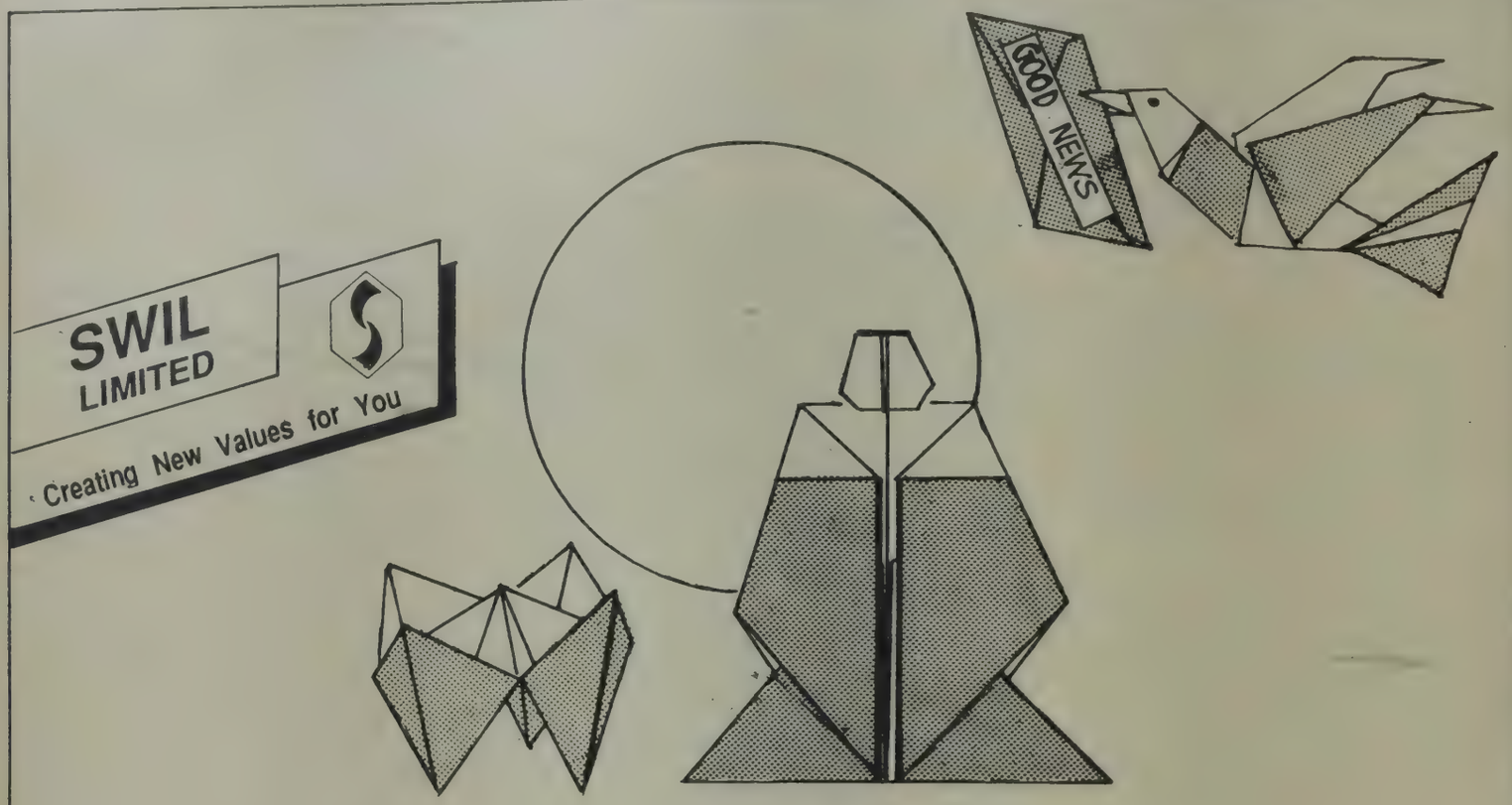
PRODUCT MANAGERS/PRODUCT EXECUTIVES

Bombay **Rs. 70,000 – Rs. 1 lakh p.a.**

Must be from IIM/XLRI/FMS, with 2 – 5 years' experience in Product Management.

Will be responsible for either a packaged commodity, such as rice, or for a processed food line. Will be responsible for developing and implementing brand marketing strategy.

Send a detailed resume in 15 days to the General Manager – Marketing & Sales, Kanmoor Foods Limited, Kanmoor House, 281-287 Narsi Natha Street, Bombay 400 009, writing the post applied for on the envelope



Paper Professionals, Please

SATYA GROUP has ambitious Growth and Diversification plans which would substantially multiply its present turnover of 100 crores.

Our Group consists of six manufacturing units specialising in areas of non-ferrous metals, steel, pharmaceuticals, thermoplastics, paper mill, textile mills and jute mill accessories.

SWIL Limited, a member of our Group, is engaged in manufacturing paper mill accessories and has been making significant contribution in areas of import substitution and development of indigenous capability.

SWIL Limited, proposes to forward integrate by putting up a paper mill, based on agricultural residues, in North India.

PROJECT MANAGER

(RT/4/91)

Candidates should be Mechanical Engineers and Paper Technologists with 10-12 years of managerial experience in the paper industry.

The job involves timely implementation of projects in hand, optimum utilization and management of all resources etc. Experience in dealing with Contractors, Erection, Materials and Finance would be preferred.

CHIEF ENGINEER

(RT/5/91)

Job responsibilities would include Erection and Maintenance of entire Plant and Machinery of all utilities, preventive and civil maintenance of the paper unit. The entire maintenance of the unit is proposed to be computerised. He would be assisted by Junior Engineers and shall be reporting to the General Manager.

For both positions attractive emoluments and growth opportunities await the right candidates. Please send in your detailed resume, superscribing the envelope with the relevant Code to :

A MEMBER OF

Satya group

Pledging Ourselves to National Goals

Satya Sons Services Limited
C/o Sunil Synchem Limited
73-74, 1st Floor, Nehru Place,
New Delhi - 110 019

Core Communications

REGIONAL MANAGER

THE COMPANY

Part of a group with diversified business interests, ALKOTACH POWER INDUSTRIES PVT. LTD. has been set up to launch a range of revolutionary consumer durables nation-wide. The first product shortly due for launch is Jensher-2000 — a revolutionary mileage booster, expected to gross a turnover of Rs. 10 crores.

The Company is looking for REGIONAL MANAGERS in Bombay, Delhi, Madras, Calcutta and Cochin.

THE JOB

Design and implement innovative product-marketing strategies in a dynamic competitive environment. Achieve target-oriented performance levels in terms of Sales, Collections, Market Coverage, Market Share and Inventory levels.

THE PERSON

Graduate plus. Less than 45 years of age. With a minimum of 8-10 years' proven track record in marketing consumer durables. The right candidate will be able to develop and enthuse a team of ambitious young sales professionals by administering high degree of market sensitivity, team-building ability, and dynamic personality. MBAs from reputed institutes preferred.

The position calls for dynamism and work discipline of the highest order. The Company in turn offers a management ethos that embodies a high degree of professionalism.

THE COMPENSATION

Being a senior management position, the Company offers an excellent compensation package comparable to the best in any industry.

Apply in strict confidence, giving full resume, stating salary drawn and expected, and area preference along with a recent passport size photograph, within 15 days to:

ALKOTACH MARKETING PVT. LTD.
39/5548, Kurusupally Road,
Ravipuram, Kochi 682 015.

Carona Ltd.

IN TECHNICAL COLLABORATION WITH PUMA.

Carona Limited, a Khatau Enterprise is a professionally managed Public Limited Company engaged in the manufacture and marketing of footwear and accessories. The Company has recently tied up a collaboration with PUMA of Germany for manufacturing and marketing hi-tech Sports and special application footwear. The Company markets its products through 280 distributors and 350 Retail outlets. The Company is expected to cross the Rs. 100 crore mark in 1991-92. To strengthen the organization, the Company wishes to recruit:

ZONAL MANAGERS/REGIONAL MANAGERS

BOMBAY & BANGALORE : ZM — RM/OOM/06

Candidates should be graduates with 8-12 years of experience in Sales Management of which 4 years should be as a branch head in a large Company. Exposure to selling of Consumer Products/durables is necessary.

Those with leadership qualities and a degree/diploma in management will be preferred.

PRODUCT MANAGERS

BOMBAY :PdM/OOM/06

The job involves brand management for one of the Company's Product ranges. This would include product conceptualisation, advertising, sales promotion and monitoring of brand sales and market shares. Applicants, around 30 years, should be post graduate degree/diploma holders in Marketing Management with 5-6 years' relevant experience.

Emoluments will be not a constraint for the right candidate. Perks like L.T.A., P.F., Bonus, H.R.A, Performance based Incentives, Gratuity, Medical Reimbursement, etc. are admissible.

Preference will be given to candidates having their own residential accommodation.

Please apply to the undersigned clearly stating the post applied for and the location with the code number indicating salary drawn/expected:

Vice President — Human Resources,

Carona Ltd.

New Udyog Mandir Compound, Mogul Lane, Mahim West,
BOMBAY 400 016.

Clamar

Mikado®
Means Quality

MIKADO GROUP OF COMPANIES

We are multiunit, multilocation group in the business of manufacture and marketing of synthetic yarn and textiles. We need following young professionals who wish to make a career with a company growing at the rate of 30% p. a. and having neatly defined programmes to achieve Rs. 100 Crores mark by 1993.

Manager Sales (Shirtings Division)

Reporting to Executive Director marketing, the incumbent will be responsible for all the sales activities of the division, including Planning, Budgeting and Sales Administration. A graduate with about ten years experience in the sales management of shirtings will be suitable for the position.

Sr. Executive Marketing Services

A graduate with flair for market research in consumer products and advertising and having about 5 years relevant experience will meet the job requirements. MBA with Textile Industry experience will be preferred. The incumbent will report to Executive Director, Marketing Services.

Sales Officers (3 POSTS)

Suitable candidates will be hard core sales professionals with at least 3 years sales experience in the Textile Industry. The fast track candidates are likely to be promoted to the position of Zonal Managers within a period of two years.

Executive Costing & Budgeting

A qualified ICWA with atleast 3 years relevant experience will be considered. Experience in Textile Industry will be an advantage. The position reports to Executive Director Finance.

Packing-in-Charge

The incumbent reporting to Divisional Manager, will be responsible for entire packing activities of the group. Candidates with atleast 5 years packing experience in Textile Industry will be suitable for the job.

Compensation – package for all the positions is negotiable.

Apply with full particulars within 15 days to the Managing Director.

SHREE SHYAM SUITINGS LTD.

106, Unique Industrial Estate, Chakala Road,
Andheri (East), Bombay 400 099. Tel: 6300374 • 6329714

The Company with EXCELLENCE as its mission

Sobhagya-91

Consolidated Fibres & Chemicals Limited

We are setting up a Rs.100 crore joint venture Acrylic Fibre project in Haldia with the West Bengal Industrial Development Corporation Limited and co-promoted by Bakelite Hylam Limited. The proposed totally automated, computer controlled plant is the first and only one of its kind in Eastern India and is being set up in technical collaboration with Marubeni Japan and Kawasaki Heavy Industries of Japan. With a capacity of 12000 MTA, the plant will go on stream in early 1992 and will manufacture premium grade acrylic fibre which already has wide acceptance in India.

The project opens up fresh horizons for building exciting, challenging careers. We are looking for dynamic individuals to take up the following challenges :

Sl. No.	Position	Qualifications	Minimum Experience (Yrs.)	Job requirement
1.	**Sr. Operators/ Operators (Process/ Utility)**	Chemistry Graduates or Diploma Holders in Chemical/Engineering/ Technology	6/3	Experience in independent monitoring of control room activities with DPC System of petrochemical/chemical/ polymers and synthetic fibre plant and its utility services.
2.	**Technicians (Mechanical/ Electrical/ Instrumentation)**	Diploma Holders in related Discipline	3	Experience in maintenance function of petrochemical/chemical/fertiliser/oil refinery units with DPC systems. Experience in plants in synthetic fibre industry is desirable.
3.	**Analysts**	Graduates/Post Graduates in Chemistry/Polymer Chemistry	3	Experience in quality control and/or R&D laboratory of a petrochemical/ chemical/fertiliser industry. Knowledge of handling instruments like gas chromatographs, spectrophotometers, and other polymer and fibre testing instruments.
4.	**System Operators**	Graduates with Diploma in Computer Applications	2	Experience in operating mini/ main frame computer systems.

Experience in acrylic fibre plant operation and maintenance is desirable. Salary and benefits for the above posts will match the best in the industry, including accommodation/HRA and Transport facilities as per rules. Selected suitable candidates will be sent for overseas training latest by September, 1991.

Interested candidates should apply in strict confidence (superscribing the envelope with the post applied for) within one week to :

Manager Personnel and Administration
Consolidated Fibres & Chemicals Limited
41 Shakespeare Sarani
Calcutta 700 017.

DARE TO DREAM. DARE TO LIVE THE DREAM!

If you can dream it, you can do it, the saying goes. C-DOT offers you the chance to realise the dream. Inside an environment that is open, encouraging, friendly, flexible, enthusiastic and highly professional. Hierarchy exists only for reporting!

C-DOT is a R & D Institution engaged in the development of advanced Telematics technologies in Switching, Transmission and Terminal equipment.

These technologies are being developed to meet specific environmental and traffic needs of India and similar developing countries.

C-DOT needs young professionals for the following executive positions at **New Delhi and Bangalore:**

HRD
Finance
Administration

To crystallise your dream you should be:
A rank holder/high achiever with integrity and drive. You should be a MBA/PGDM/CA/ICWA. And be a young executive in a reputed company or a fresher. Below 28 years. Relaxation of norms for SC/ST will exist as per Central Government directives.

Your Emoluments:
If chosen, we offer a pay scale of 2200-75-2800-EB-100-4000. At the minimum basic pay, total emoluments including DA and CCA will be Rs. 3,422/- per month. In addition attractive fringe benefits such as **Company Leased Accomodation.**

And medical expenses reimbursement, leave travel concession, house building/conveyance advance subsidy, reimbursement for membership in professional bodies, long term advance, subsidised transport/conveyance reimbursement, gratuity, contributory provident fund, leave and encashment thereof.

To Apply:
Send us your detailed resume with passport size photograph within 15 days. Superscribe the post applied for on the envelope,to:
The Registrar,
Centre for Development of Telematics,
9th floor, Akbar Bhawan,
Chanakyapuri,
New Delhi-110021.

Centre for Development of Telematics

THE EDGE/D91/C-DOT/431

Crompton Greaves

Crompton Greaves LIMITED

Crompton Greaves, a multi-product, multi-division professional organisation has successfully diversified into Telecommunications and Electronics. The Company will shortly be manufacturing yet another State-of-the-Art technology product viz. Lithium Batteries in collaboration with one of the world leaders in this line.

THE COMPANY IS LOOKING FOR THE FOLLOWING PERSONNEL AT **GOA**:-

PRODUCTION EXECUTIVE (Code : LB-PE)

Should be Mechanical/Chemical Engineering Graduate/Post-Graduate upto 40 years of age with at least 7 - 10 years experience in a primary or secondary alkaline battery plant of which 4 - 5 years should be in direct production. His primary responsibility would be achieving targets in respect of production, productivity, cost control, materials management, indigenisation, vendor development, etc. The incumbent should also have experience in erection, operation and maintenance of various equipments. Absorption of technology and adherence to international quality standards would be the high priority areas.

QUALITY ASSURANCE EXECUTIVE (Code : LB-QAE)

Should be Mechanical or Chemical Engineer upto 35 years of age with at least 3 - 5 years extensive experience in the quality assurance of a primary or secondary alkaline battery unit. He should also be conversant with T.Q.C. methods and all relevant military and defence standards of batteries. The incumbent would have total responsibility for inspection and quality assurance of incoming materials, in-line process control during production and final testing of batteries. He would be required to co-ordinate very closely with Defence Establishments, Test Labs and various Inspecting Agencies.

The Company would consider deputing the concerned persons for familiarisation with our Collaborators in the U.S.

ADMINISTRATION/ACCOUNTS EXECUTIVE (Code : LB-AE)

Should be Chartered Accountant upto 35 years of age with 3 to 5 years relevant experience in a light engineering industry. Job responsibilities would include taking independent charge of administration, accounting and finance, Income-Tax/Sales Tax, Excise matters and personnel functions.

MATERIALS EXECUTIVE (Code : LB-ME)

Should be a BE/B Tech with Post Graduate qualifications in Materials Management, upto 35 years of age with 4 to 5 years relevant experience in independently handling all aspects of the materials management function preferably in the light engineering industry. He should also have handled import licensing policy and procedures, inventory control, and customs clearance formalities.

The above positions offer an attractive remuneration package, a professional — yet informal — work atmosphere and growth opportunities for career advancement.

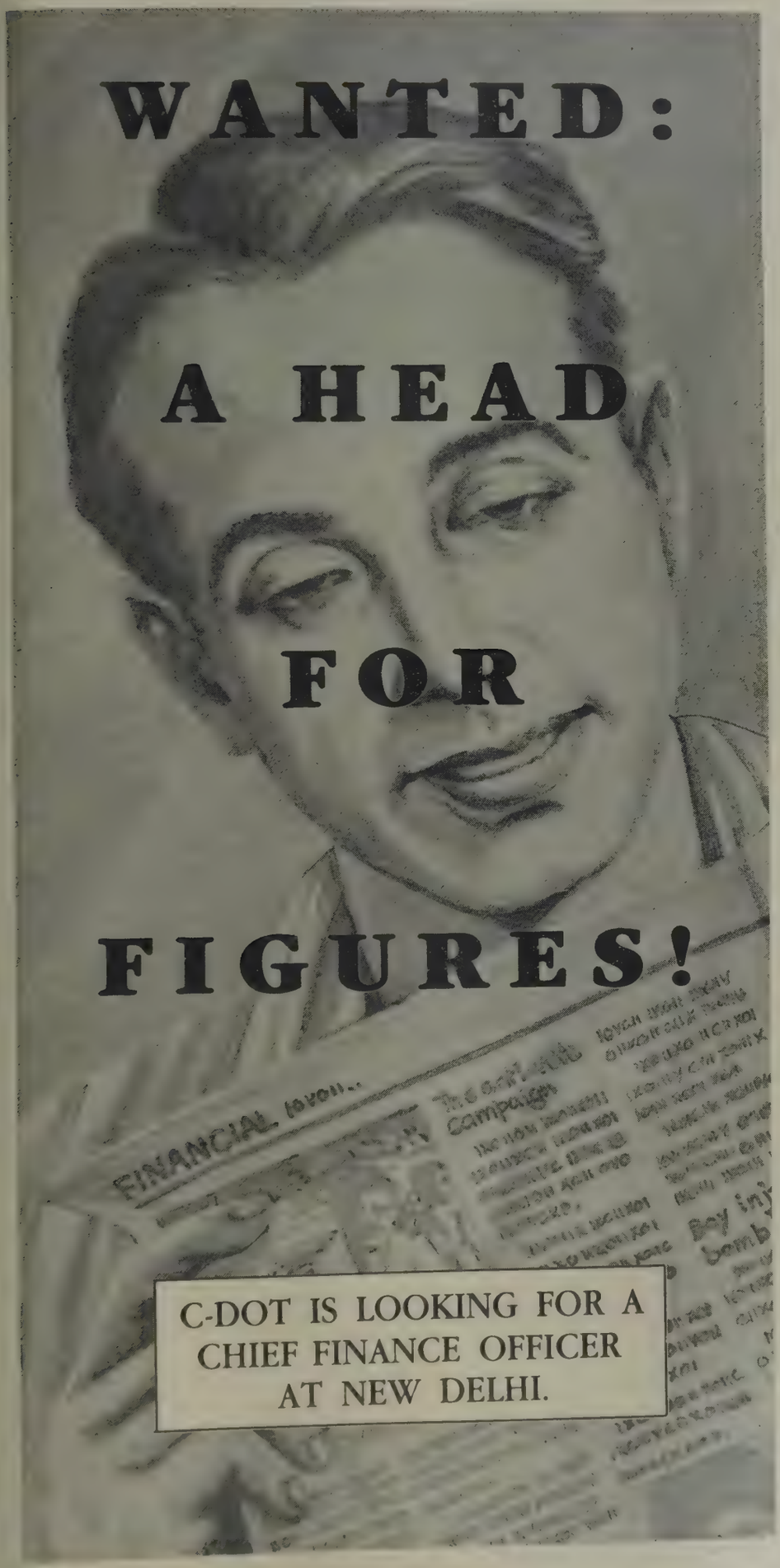
Please apply within 15 days superscribing the envelope with the respective Codes to:-

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. V.B. Gandhi Marg,
Bombay - 400 023.

Crompton Greaves

The Thapar Group

PRESSMAN



You Should Be:
A Chartered Accountant/Cost Accountant/MBA with twelve years post-qualification experience. Of which four years were spent in a senior management position of a reputed company. Along with a proven track record. Below forty years of age. Relaxation of norms for SC/ST will exist as per Central Government directives.

Your Responsibilities:
As a senior manager reporting to the Executive Director.

You will be the functional head of the Finance and Accounts wing.

Be responsible for the Accounts of C-DOT. Will be in-charge of the formulation of the budget, budgetary control, financial appraisal, costing of products/services, funds management. Deal with RBI, Banks, Financial Institutions, Audit and Government Departments.

Co-ordinate with different groups.

Lead a team of qualified young professionals.

The Company:
C-DOT is a R & D institution. Engaged in the development of advanced telematics technologies. Such as Switching, Transmission and Terminal equipment.

These technologies are being developed to meet specific environmental and traffic needs of India and similar developing countries.

The Top Team:
There are new faces at the top. The senior management team is completely rejuvenated with total commitment and dedication to manage the diverse activities of this Centre.

Your Emoluments:
Pay on a scale of 4500-150-5700. At the minimum basic pay, total emoluments including DA and CCA only will be Rs. 6,385/- per month.

Attractive fringe benefits such as **Company Leased Accomodation.**

And medical reimbursement, leave travel concession, house building/conveyance advance subsidy, reimbursement of membership in professional bodies, long term advance, subsidised transport/conveyance reimbursement, gratuity, contributory provident fund, leave and encashment thereof.

To Apply:
Send us your detailed resume with passport size photograph within 15 days. Superscribe the envelope with 'Chief Finance Officer' and address to:
The Registrar,
Centre for Development of Telematics.
9th Floor, Akbar Bhawan, Chanakya Puri.
New Delhi-110 021.

All those who have applied earlier for this position need not apply again.

C-DOT
Centre for Development of Telematics

THE EDGE/D91/C-DOT/432

J.N.MARSHALL GROUP

An established engineering group specialising in Process Steam Engineering Specialities and Industrial Process Control Instrumentation desires to expand its operation in the fields of Exports, Control Valves, Analytical Instruments and Microprocessor Based Instrumentation.

EXPORT PROMOTION EXECUTIVE

(Ref. Code No. 002) Poona

The incumbent is required to organise for substantial expansion of exports to markets abroad especially to Middle East and Africa, South East Asia and Europe, of existing company products and new lines as merchant export activity.

We are looking for a Professional Engineer with approximately 5-10 years experience in export business. The individual should have a proven track record, knowledge of overseas markets and contacts with established agency houses abroad to be able to organise market outlets with technical and service capabilities. The job envisages total integrated responsibility from long range planning of all market development activities including identifying supply sources for non manufactured items, finalisation of prices, export terms etc. with the object of operating the export division as a viable separate profit centre within the existing overall operations.

PRODUCT MANAGER/SENIOR SALES ENGINEER

CONTROL VALVE DIVISION (Mechanical/Instrumentation) (Ref. Code No. 003) Poona

Arca Controls manufactures a range of control valves and desuperheating valves in a joint venture with Arca Regler of Germany, the leading international control valve firm.

Experience 5-7 years.

PRODUCT MANAGER/SENIOR SALES ENGINEER

CAMBRIDGE DIVISION (Mechanical/Instrumentation) (Ref. Code No. 004) Poona

The incumbent is required to handle sales of water quality analytical instruments. Preferred experience 5-7 years.

Sound application and process knowledge and a flair for sales are key requisites for the above posts which are senior sales positions. You will be responsible for target based sales and will need to provide product support to our national field sales force.

R & D ENGINEER

FLOW MEASUREMENT DIVISION (Instrumentation/Electronics) (Ref. Code No. 005) Poona

Krohne - Marshall manufacture a range of flow measuring equipment in a joint venture with Krohne Messtechnik, Germany.

The incumbent will be responsible to develop / design new exciting range of flow metering products and must have an electronics background conversant with microprocessor technology preferably with an exposure to software needs with an experience of 5-7 years.

Minimum required qualifications for the above mentioned posts is a degree in Mechanical/Electronic/Instrumentation engineering.

Growth opportunities within the group are excellent. Remuneration package will depend on the individuals merit and will not be a constraint for the right candidate.

Please apply within 10 days & send us your career resume alongwith a recent passport size photograph and superscribe the envelope with the post applied for, mentioning the code No., to :

The Manager, Human Relations and Welfare

J.N. Marshall Limited

Kasarwadi, Poona - 411 034.

Shriram Refrigeration

Shriram Refrigeration Industries Limited, market leaders in the Airconditioning and Refrigeration industry, are a part of a 600 crore group with diverse business activities.
The Company as a part of its expansion strategy has embarked on an ambitious product improvement and diversification programme.Hence specialists are needed in the following areas for its operations at **Hyderabad.**

RESEARCH & DEVELOPMENT

Specialists in design and development are required in the following fields at various levels:

- Hermetic Compressors
- Refrigeration and Airconditioning Appliances
- Single phase motors or Hermetic Motors upto 2 H.P.
- Digital and Switching circuits.

Candidates should be post graduates in engineering with 3 to 15 years experience in R&D/Application Engineering/Development work, in the Airconditioning and Refrigeration industry.
Upper age limit is 40 years.
Salary will not be a constraint for candidates with the right profile since this talent search is aimed at attracting the best in the industry.

MARKET RESEARCH

The incumbent will have a flair for statistical research and innovative product management. As part of the total marketing strategy, he/she will have the integrated responsibility for market demand estimation, sales forecasting and new product launches.
A qualification in marketing management from a good institute with atleast 5 years experience in a market research organisation or a similar assignment in the marketing department or a reputed consumer durable organisation, is essential.
Preferred age around 35 years.

QUALITY ASSURANCE

The incumbent must have a strong assertive personality and an indepth understanding and genuine commitment to the concept of TQM. He should be a mechanical engineer with a thorough knowledge of the application of SQC methods and about 15 years experience in the light engineering industry, preferably in an Indo-Japanese Venture with exposure to Quality Assurance.
Preferred age around 40 years.

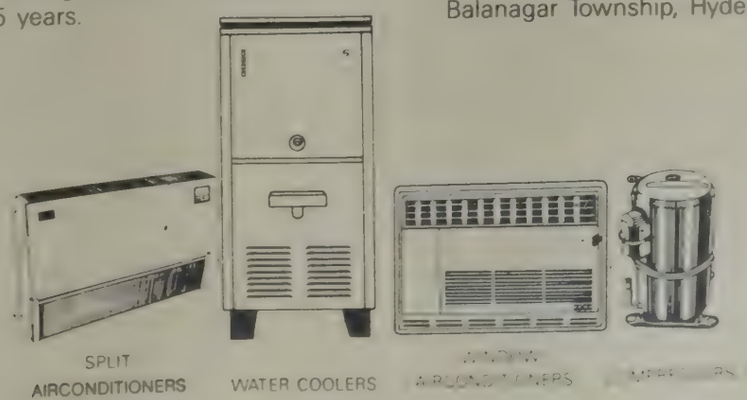
DUCTABLE SPLIT BUSINESS

A dynamic young man to market Ductable Splits. The responsibility envisages the entire role of designing, vendor development, installation and commissioning of Ductable Systems.
The incumbent will be initially posted at the Marketing Headquarters, Hyderabad, but will travel extensively to develop business on an All India basis.
An Engineer-MBA with 5 to 10 years' experience preferred.
Preferred age around 30-35 years.

Designation and Salary will be Commensurate with Qualifications and Experience.

Please apply in confidence with detailed particulars within 15 days to:

The Personnel Manager
Shriram Refrigeration Industries Limited
Balanagar Township, Hyderabad-500 037



SPLIT AIRCONDITIONERS | WATER COOLERS

THE DCM GROUP

The DCM Group is operating in diverse areas like Electronics, Engineering, Automobiles, Chemicals, Textiles and Real Estate Development. There are major diversification and expansion projects on the anvil and enviable growth plans under implementation.

We are looking at smart, intelligent youngsters who are willing to make a career with the DCM group.

MANAGEMENT TRAINEE – FINANCE & ACCOUNTS

Chartered Accountants or M.B.A.s with a specialisation in Finance. Candidates should have a high sense of achievement and a desire to excel. We are looking at potential managers with qualities of leadership and sound communication skills.

The Company encourages individual creativity and offers excellent opportunities for long term growth in a congenial and professional environment.

Applicants should send a write up not exceeding 250 words on **'My Long term career objective'.**

EXECUTIVE TRAINEE (COMMERCIAL)

Candidates should be graduates with consistently good academic track records with a minimum of 55% marks. Graduates from B.Com, B.A.(Eco) would be preferred. Additional qualification in Law, Company Secretary, ICWA, social work would be an added advantage. A high sense of achievement and good communication skills, oral as well as written, and a desire to learn and perform to exacting standards of excellence would suit our requirement.

Interested candidates should send a write up of maximum 250 words on **'My two most significant achievements'**

For both the above cadres, the Training Period is One Year. The training programme comprises theoretical modules in our Training Centre and on-the-job training in all functional areas.

During training, gross emoluments for Management Trainees will be Rs. 45000/- gross and for Executive Trainees Rs. 35000/- p.a.

On successful completion of training the candidates will be placed in suitable grades with attractive benefits and perquisites as per the rules of the Company, with a minimum increase of Rs. 500 and Rs. 700 p.m. respectively.

Please apply within ten days giving full details of age, education, extra-curricular record, experience and a passport size photograph to:

General Manager – HRD
DCM Limited
DCM Management Development Centre, C6/59, Safdarjang Development Area, New Delhi 110 016.

BAMBINO

We are a fast growing, Group of Companies with diversified activities in the field of Food Products (Vermicelli, Snacks, Instant Foods, Flour Mills), Health Care, Engineering and Tobacco. In the field of Food Products, we are the largest manufacturers of Vermicelli in the Country. We are on the look out for the following positions at Hyderabad (for Food Products).

PRODUCTION MANAGER :

The incumbent would be responsible for entire manufacturing operations, achieving the production targets and building an effective team for the Company's future growth. He should possess sound technical knowledge alongwith skills in man-management.

The incumbent should be a B.Tech (Chemical/Food Technology)/ Post Graduate in Food Technology from a reputed Institute with 12 to 15 years experience in a continuous industry (preferably Food processing).

ASSISTANT MAINTENANCE MANAGER :

The incumbent would be responsible for organising and executing, preventive and break down maintenance work. He would report to the Maintenance Manager.

The incumbent should be a Graduate Engineer in Instrumentation/Electronics/Electrical with 8 to 10 years experience in continuous process industries.

ADMINISTRATION MANAGER (SALES) :

The incumbent would be responsible for Sales Administration and will be expected to provide expertise on streamlining the depot operations. The candidate should have the ability to coordinate with various departments (Marketing and Accounts) and set up fool-proof systems to eliminate any drawback in the Administration of the various activities.

The ideal candidate should currently be working in a similar position. 12 to 15 years experience is desirable. Candidates from consumer products industry would have an added advantage.

Attractive remuneration and fringe benefits are offered for the right candidates.

Apply within 10 days with detailed resume and photo to :

The Director
Jaya Food Industries Limited
Post Bag No. 14
Himayatnagar P.O.
Hyderabad - 500 029.

MARKETING MANAGER

PHARMACEUTICALS

Bangalore

Our client is a reputed Pharmaceutical Company of long standing manufacturing and marketing wide range of formulations.

The selected person will report to the Managing Director and have overall responsiblility of the marketing functions including sales and distribution. His primary responsibility will be to increase the market share for the Company's products and generation of new product ideas. The job will involve formulating marketing/product strategies, preparation of annual marketing plans and budgets etc. Applicants must be B.Scs/B. Pharms with 10 – 15 years relevant experience. Management qualification will be a distinct advantage. This is a challenging assignment demanding analytical and conceptual skills and ability to motivate the sales and marketing team. Preferred age group 35 – 45 years. **(Ref.No. FL/B-152)**

MATERIALS MANAGER

The same Company is looking for Materials Manager to be based at Bangalore. Applicants are expected to be science graduates preferably with diploma in Purchase/Materials Management and having minimum 10 years experience in buying function ideally in a pharmaceutical or chemical company. Preferred age group 30 – 40 years. **(Ref.No. CMP/B-153)**

Compensation package will commensurate with merits and is not likely to be a constraint for the right candidate.

Apply immediately quoting relevant Ref. No.

DATAMATICS STAFFING SERVICES
Post Box No 106 G.P.O. Bombay-400 001.



REQUIRES

FOLLOWING PERSONNEL

SKF Bearings India Ltd. a member of worldwide SKF Group. Manufacturers and markets a wide range of Ball & Taper Roller Bearings and Textile components.
The Company is considered as the market leader in Bearings industry. We are looking for qualified and competent persons, for the following positions.

MANUFACTURING MANAGERS :

Age : Around 35 to 45 years.
Qualification : B.E. (Mech.) Post graduate in industrial engineering/manufacturing management preferred.
Experience : 9 to 12 years with exposure to shop floor experience out of which 2 to 3 years in shifts in mass production/light engineering industry. Experience in successful handling of Industrial Relations is essential.
Job : The job involves the responsibility of manufacturing activity and the incumbents would have under them a large force of technical managers, supervisors and workers. It is very essential that the incumbents should have flair for man management and for achieving set production targets.

INDUSTRIAL ENGINEER :

Age : Around 30-35 years.
Qualification : Post graduate qualification in industrial engineering preferred.
Experience : 5 to 8 years in light engineering industry in one or more areas of following.

- *Work study*
- *Method improvement*
- *Productivity improvement*
- *Project engineering*
- *Tool design*

Job : The job involves the responsibility of time & motion study/projects.
Candidates meeting the above requirements should apply within 10 days giving full details alongwith a passport size photograph. The envelope should be superscribed with the post applied for and addressed to.

General Manager -
Corporate Personnel
SKF Bearings India Limited,
Chinchwad, Pune - 411 033.

Shipra

ERGODYNE

Ergodyne Private Limited, a fast growing Madras based Engineering Company, engaged in design, manufacture and turn-key executions of Industrial Boilers, Pressure Vessels and Heat Exchangers, urgently requires the following personnel:

Candidates should have requisite qualifications and relevant experience with high levels of initiative and drive to achieve targets.

MATERIALS MANAGER

Engineering degree with 10 to 12 years or Diploma with 14 to 18 years experience in procurement of Raw materials Bought-out components with adequate field exposure.

DESIGN ENGINEERS

Degree in Mechanical Engineering with 3 to 5 years experience in mechanical design of pressure parts of steam generators, pressure vessels and heat exchangers. Should be thoroughly conversant with codes and design office practices. Knowledge of stress analysis will be an added advantage.

Compensation will be commensurate with qualification and experience.

Please apply within 10 days with complete bio-data and salary drawn/expected to:

The Chief Executive,
Ergodyne Private Limited,
262, Royapettah High Road,
MADRAS-600 014.

ZONAL MANAGERS

COLD ROLLED PRODUCTS

Delhi/Bangalore/Pune

Our client is a well known professionally managed company manufacturing and marketing cold rolled and galvanized sheets. The company has an excellent foreign collaboration and within a short span has acquired a very good reputation for its product quality. Present turnover of Rs. 240 crores will increase substantially in view of the targeted growth plans. To make a significant dent in the Northern, Southern and Pune regions, our client is seeking dynamic marketing professionals from the cold rolling industry.

The appointees will develop the market in their regions and be accountable for achieving sales targets. Creating a large base of diverse end-users will be an important responsibility.

Suitable candidates will preferably be Engineers having at least 5 years relevant experience in the cold rolling industry with an intimate knowledge of their markets/ products. Age Group 30-35.

BESIDES GOOD TERMS, GROWTH PROSPECTS ARE EXCELLENT.

Please apply clearly indicating locational preference, name of present employer, size of market handled citing Ref. No. NKM/A-2079.

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

न्यूक्लियर पावर कार्पोरेशन
NUCLEAR POWER CORPORATION
(A Govt. of India Enterprise)

REQUIRES

SENIOR OFFICER/OFFICER (LIAISON/PUBLIC RELATIONS)

Scales of Pay :
1) Rs. 2200-75-2800-EB-100-4000/-
2) Rs. 2000-60-2300-EB-75-3200/-

Place of work : Anywhere in India and the job is transferrable.

Essential Qualification : Graduation

Desirable Qualification :

1) Degree/Diploma in Tourism after graduation
2) Knowledge of any foreign language.

Experience : Minimum 5 years for Graduates and 3/2 years for those holding Diploma in Travel and Tourism after graduation, in Public Relations and/ or Liasion work of reputed organisations.

Age : 30 years as on 1.7.1991
Relaxation for SC/ST candidates as per rules

Other Benefits : DA, HRA/Leased Accommodation, CCA, PF, Medical assistance for self and family, Leave Travel Concession as per company Rules. Please apply giving following details :

1) Post applied for
2) Name in BLOCK Letters
3) Date of Birth
4) Sex
5) Nationality
6) Category (SC/ST, Ex-Servicemen/Gen.)
7) Address in BLOCK Letters for correpondence
8) Educational Qualifications: (in full details)
9) Experience (including defence service on a separate sheet) in full detail
10) Attested copies in proof of age, education and caste (in case of SC/ST) should be enclosed.

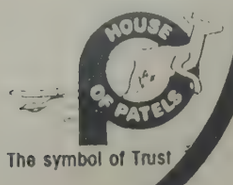
Candidates called for interview will be paid IInd class train fare by shortest route on production of receipt.

Candidates employed in Govt./Autonomous Bodies or Public Sector Enterprises must enclose an NOC from the employer. Candidates who applied against our earlier advertisement for Sr. officer (Liaison/ Public Relations) need not apply again as their applications will be also considered.

Please apply within 15 days from the date of advertisement to : The Manager (HRD), Nuclear power Corporation, Centre-1, 16th Floor, World Trade Centre, Cuffe parade, Bombay-400 005. superscribing the envelope with the post applied.

CA/NPC/339/91/C

NPC... fuelling a powerful future.



The symbol of Trust

EXECUTIVE DIRECTOR – MIS
(BANGALORE OR BOMBAY)

The House of Patels is a leading business Group, with a turnover in the region of Rs. 150 crores. It plans to double the turnover in the next 3 years. The Group has interests in diverse activities such as Transport, Construction, Finance, Courier Services, Management Education, Consultancy and International Trade. It is supported nationally by a vast network of 400 branches and internationally through its associate offices in Dubai, Hong Kong, Singapore and Australia.

We are looking for a dynamic person to head the Corporate MIS division, reporting to the Chairman of the Group. The Group currently has computer installations all over India on MS-DOS/UNIX hardware and has ambitious plans to further decentralise and move towards a RDBMS/4GL oriented system base within the next two years.

The key responsibilities of the candidate would include strategic long-term planning, sound systems and operations management and guiding a team of MIS professionals in the design, development and implementation of systems, geared towards achievement of the corporate MIS goals.

Candidates should have post graduate qualifications in Computer Science with about 15 years relevant experience, including 5 years as a Senior Corporate EDP/MIS Manager. Exposure to and experience in RDBMS/4GL systems essential. A high degree of management skills and an ability to interact at the highest management levels are necessary, along with a proven ability to introduce new concepts and systems.

The ideal candidate would be in the age group of 40-45 years. The compensation package, which includes perks like chauffer driven car etc, is comparable to the best in the industry. Applications will be treated in absolute strict confidence.

Please apply within 7 days to:

The Chairman,
House of Patels,
"NATASHA", 52, Hill Road, Bandra (West),
Bombay 400 050. Tel: 6401142.

Or

No. 2, New Mission Road,
Bangalore 560 027. Tel: 222188/89.

ARMS HOP-32-91

GENERAL MANAGER
AUTO AGENCY

Yemen

USD: 2,500 pm + perks

A reputed Group in Republic of Yemen having diversified activities is looking for a senior professional to head its prestigious Mercedes Benz Agency Division.

The General Manager will report to the Managing Director and have overall operational and business responsibility of the Division including the Workshop and Parts Department. Besides leading a team of departmental and functional heads he is expected to contribute actively in the areas of strategic planning and business development.

Successful candidates are expected to be Graduate Engineers preferably with Post Graduate qualification in Management. They must have 10 – 15 years' senior level experience in automobile industry. Middle East/African experience with large distributors of imported passenger and commercial vehicles will be a definite advantage. Preferred age: 40 – 45 years.

Position offers attractive compensation package with high repatriable savings and fringe benefits.

Apply immediatey quoting Ref. No. CMP/F-4223

DATAMATICS STAFFING SERVICES
Post Box No 106 G.P.O. Bombay 400 001.

Diason

CIBATUL

CIBATUL LIMITED

requires

CORPORATE PLANNING CHIEF

Cibatul Limited, leading manufacturers of epoxy resin, pharamaceutical intermediates and chemicals, has ambitious growth plans in the fields of petrochemicals and plastics.

Applications are invited from successful and experienced personnel to evolve corporate plans and execute them in the next 3-5 years.

The incumbent should possess excellent academic qualifications and should have a successful track record of atleast 10 years at senior positions in petrochemical/plastic industry.

Selected candidate will have option for location at Bombay or Atul.

Please apply within two weeks, in strict confidence, to:

The Managing Director
CIBATUL LIMITED
P.O. Atul 396 020, District Valsad, Gujarat

Quest

Our client, an established Trading House of a well known multinational company with diversified interests, have retained us to select

MANAGER EXPORTS – Leather Products (Garments, Shoes, Bags etc.) **(Delhi)**

MANAGER EXPORTS – Marine Products (Frozen and IQF Products) **(South India)**

SALARY: NEGOTIABLE

The incumbents will be assisted by a team of qualified professionals and will have independent responsibility for the Leather/Marine Products divisions including Production, Procurement, Merchandising and Marketing.

The ideal candidate should have at least 15 years of relevant experience, of which approx.5 years should be in Leather/Marine Products exports and merchandising. The salary and perquisites will compare with the best in the Industry and will not be a constraint. Please apply within 10 days in strict confidence to:

QUEST CONSULTANTS & ENGINEERS PVT. LTD.
307, SKIPPER CORNER, 88 NEHRU PLACE
NEW DELHI: 110 019 Ph. 6465649.

GTC INDUSTRIES LIMITED

We are the flagship company of the diversified industrial conglomerate: THE DALMIAS—with interests in cigarettes, paper, dairy products, chemicals, telecom, resorts, advertising, film production and a host of other spheres. We are manufacturers of well known brands of cigarettes. We require :

SALES MANAGER (SOUTH)
Bangalore

Excellent package+House, Car with Driver

Responsibilities cover sales function of his zone, including achieving branchwise/regionwise targets, sales administration, planning and implementing innovative sales strategies, merchandising/sales promotion activities, management of dealer network, territory development, guiding and motivating Regional/Branch Managers to achieve their sales targets. Will report to General Manager—Sales, at New Delhi.

Ideally, the aspirant would be an MBA (Marketing) from a reputed institute with around 8 years experience in branch sales management in reputed consumer product companies. Preferred age around 32 years.

TERMS ARE NEGOTIABLE AND WILL MATCH THE BEST AVAILABLE IN THE INDUSTRY.

Please send your resume along with a passport size photograph within 10 days indicating qualifications, experience, present and expected emoluments to:

M. S. Kenkare
General Manager (Personnel)
GTC INDUSTRIES LIMITED
Tobacco House, Vile Parle (West)
Bombay 400 056.

TABLETS (INDIA) LIMITED

Pioneers in Amino Acid Therapy

We are a leading and rapidly growing National Pharmaceutical Company, manufacturing and marketing an excellent range of formulations including large volume parenterals. We have technical tie-up with a Japanese Company. We belong to a diversified group with a turn over of Rs.65 crores. To realise our rapid growth expectations we need:

DIVISIONAL SALES MANAGER
(at Madras)

The job will involve managing field staff and motivating them to achieve profit objectives of the company for the **Pharma Division** in South Zone.

The incumbent would be a graduate in mid 30s with atleast 12 years of selling experience with a reputed pharmaceutical company of which atleast 3 years as Second Line Field Manager, with a track record of achievements, administrative ability and full knowledge of Markets of South. Candidates with experience in similar capacity will be preferred.

The remuneration package is negotiable and will not be a constraint for the right candidate.

Please apply within 7 days giving complete bio-data with a recent passport size photograph to:

General Manager (Marketing)
TABLETS (INDIA) LIMITED
179, T.H. Road, Madras - 600 081

EXCELLENT OPPORTUNITIES IN INDUSTRIAL MARKETING

Our client is a well known, professionally managed company in the steel processing industry. The company has an excellent foreign collaboration and within a short span has acquired a very good reputation for its product quality. Present turnover of Rs.240 crores will increase substantially in view of the targeted growth plans. Our client is seeking outstanding Marketing professionals, to be based at Bombay, who will add value to their ambitious expansion plans.

MARKETING MANAGER

The incumbent will head the Marketing and Sales functions on an All India basis. Developing new markets country-wide, effecting greater market penetration and providing leadership to a talented team will be key result areas. Suitable candidate will be an Engineer with around 10 years experience in marketing industrial products. Experience in selling to the auto industry or marketing cold rolled products will be an asset. Preferred age around 35.
(Ref. No. NKM/A-2081)

PRODUCT MANAGER

The appointee will be responsible for all product management functions to include: product policy and pricing, advertising and sales promotion, analysis of market intelligence and distribution channel, etc. Suitable candidate will possess a good university degree preferably an MBA, having around 5 years experience in product management with a leading company, ideally in the roofing/asbestos cement sheet industry. Preferred age: around 30.
(Ref. No. NKM/A-2082)

EXCELLENT REMUNERATION AND GROWTH PROSPECTS ARE ENVISAGED.

Apply immediately quoting relevant Ref. No.

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diasori

Wanted a Project Manager to Harness the Sun

Belgo Instruments International dealing in SOLAR POWER plants of 40 mega watts & above is setting up a Representation Office in India and is looking for a PROJECT MANAGER who will be stationed in Bombay.

He should be between 35-45 years, a qualified Electro-Mechanical Engineer with an experience of handling/erecting new Projects of a similar nature. He will be in over all charge of the Representative Office in India and will be responsible for handling all liaison matters with Govt. Departments at various levels, and also coordinate between different agencies and the Head Office.

The salary package will be attractive and in line with the best in Industry.

Please apply in strict confidence to:

Box No. AA/345/IB/1, **Business India,** Wadia Building, 17/19 Dalal Street, Bombay 400 001.

S A **Belgo Instruments International** NV

MANAGEMENT CONSULTANTS

Madras, Bangalore, Bombay, Delhi & Calcutta **Excellent Remuneration**

AMCON seeks men of high calibre and motivation to join its team of Management Consultants. Excellent opportunity is provided to work independently on a variety of areas viz., Organisation & Development, MIS, Operations Planning, Market Research, Techno-Economic Studies, Computerisation, Training etc.

Candidates should be post-graduates in Management with a basic degree in Engineering and at least 5 years' experience. Preferred age about 30-35.

Please apply within 10 days, giving detailed bio-data and passport-size photograph, to:

The Chairman,
Apex Management Consulting Group Private Limited
C-1, Rams Square , 2 Village Road, MADRAS 600 034.

amcon

FINANCE MANAGER

We have been retained by a group of engineering companies having their head office at Vikhroli, Bombay and factories at Bombay and Ahmedabad. The group is managed by several professionals — Chartered accountants and Engineers.

For their Private Limited company, they need a **Finance Manager** to head the accounts department.

Candidate should be a Chartered accountant, and should have at least four years post qualification experience. He should have working knowledge of computerised accounting and other systems. Capacity to co-operate with all the executives in the group, team spirit and leadership qualities are essential.

Remuneration Package Rs. 75,000/- per annum.

Write with Bio-data To :

Rashmin Sanghvi & Co.,

109, Arun Chambers, Tardeo Road, BOMBAY 400 034.

APEX 91233

Crompton Greaves

Crompton Greaves is a multi-product, multi-division professional organisation with a turnover of Rs.600 crores. It is now expanding its marketing activities in the areas of industrial batteries viz; stationary, train lighting and others.

The Company requires the following Marketing Professionals:

1. All-India Senior Marketing Executive — for Bombay.

The candidate should have 13-15 years relevant experience and must be Enterprising and Result-oriented.

2. Regional Marketing Executives — for Delhi, Calcutta and Madras.

The candidates should have 3-5 years experience in the relevant areas with a Dynamic Orientation.

Qualifications: Candidates should have a B.Sc. Degree with specialisation in Chemistry/ Physics or an Electrical/Electronic Engineering Degree/Diploma.

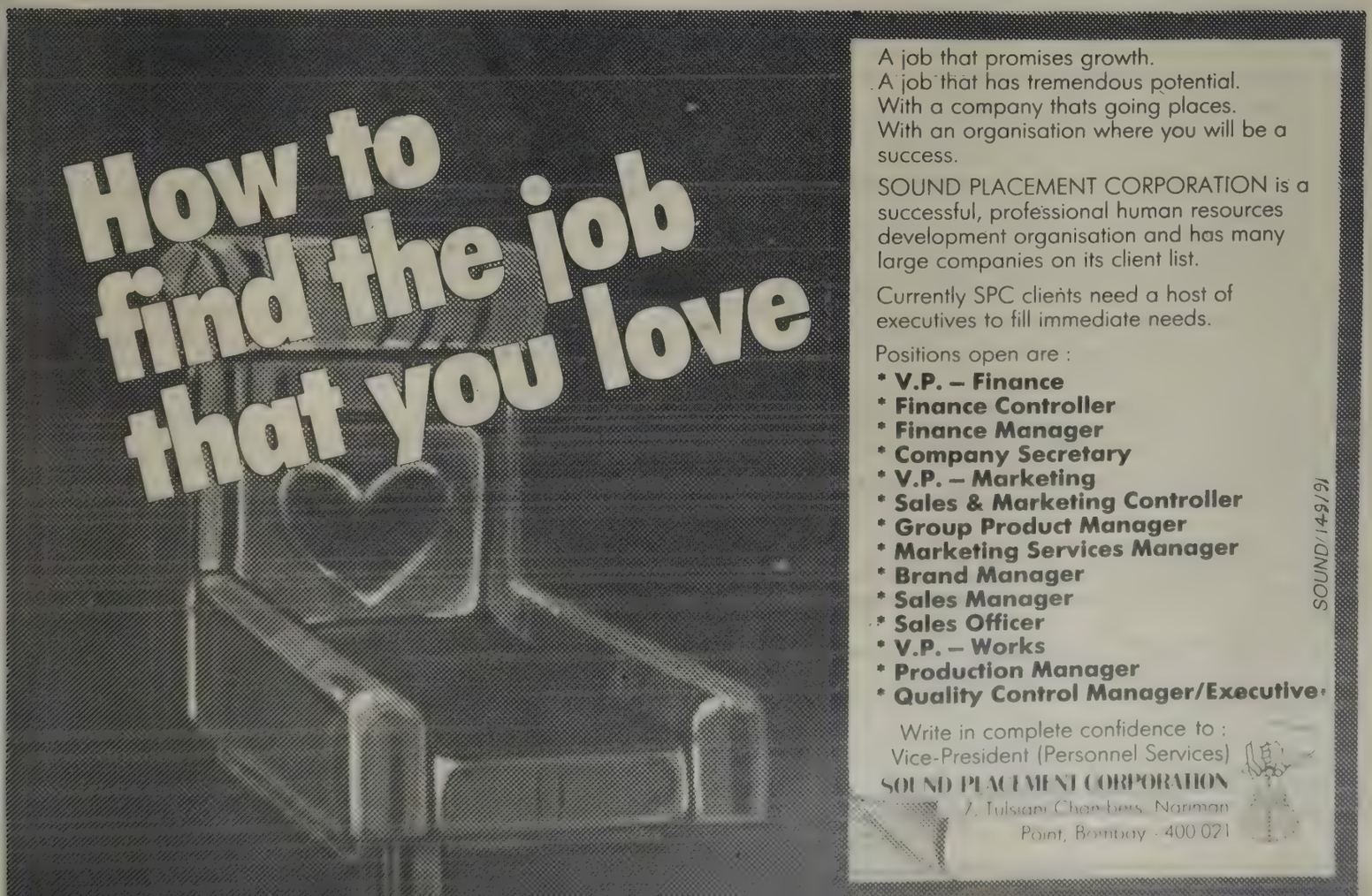
The jobs offer exciting opportunities for career development.

Interested candidates may please apply within 10 days with complete Bio-data alongwith a Passport-size photograph and also a note on "Achievements and Breakthroughs in the Marketing of Industrial Batteries" to:

The Manager
Batteries Division
Crompton Greaves Limited
Paville House, Bombay Dyeing Compound
Off. Veer Savarkar Marg, Prabhadevi
Bombay 400 025.

PRESSMAN

crompton greaves



A job that promises growth.
A job that has tremendous potential.
With a company thats going places.
With an organisation where you will be a success.

SOUND PLACEMENT CORPORATION is a successful, professional human resources development organisation and has many large companies on its client list.

Currently SPC clients need a host of executives to fill immediate needs.

Positions open are :

- **V.P. – Finance**
- **Finance Controller**
- **Finance Manager**
- **Company Secretary**
- **V.P. – Marketing**
- **Sales & Marketing Controller**
- **Group Product Manager**
- **Marketing Services Manager**
- **Brand Manager**
- **Sales Manager**
- **Sales Officer**
- **V.P. – Works**
- **Production Manager**
- **Quality Control Manager/Executive**

Write in complete confidence to :
Vice-President (Personnel Services)
SOUND PLACEMENT CORPORATION
7, Tulsiani Chambers, Nariman Point, Bombay - 400 021

SOUND/149/91

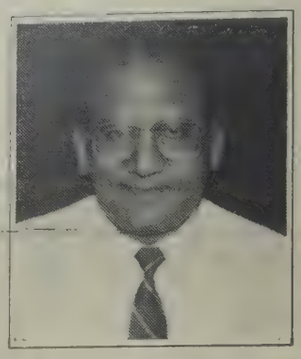
EXECUTIVE LADDER



O.P. Chaturvedi has been appointed managing director of SM Finance Ltd.



S.K. Gupta has been appointed managing director of Indian Seamless Steels & Alloys Ltd.



S.M. Dewan has taken over as executive director of the Projects & Equipment Corporation of India Ltd.



Nanda J. Joshi has been appointed chief executive of Mafatlal Consultancy Services (India) Ltd.



Sunil Chopra has taken over as chief executive officer of Esanda Finanz and Leasing Ltd.



Sonya Suri has been promoted as vice-president of Ross Murarka Finance Ltd.



Pratap Nambiar has been promoted as vice-president, photographic products division, of India Photographic Company Ltd.



P.K. Das has been appointed director of Petrochemicals Data Services.

S. Ramalingam has been promoted as director, operations, of Madras Refineries Ltd.

Rajiv Goel has joined Indian Seamless Steels & Alloys Ltd as finance director.

O.P. Agarwal has been appointed finance director of National Textile Corporation (Gujarat) Ltd.

Lalit Khaitan has been appointed director of the Pradeshiya Industrial and Investment Corporation of Uttar Pradesh Ltd.

Sisir Kumar Pattanaik has taken over as vice-president, operations, of Indian Charge Chrome Ltd.

Pradeep Tyle has taken over as vice-president, operations, of Flex Industries Ltd.

Rajiv Bajaj has been appointed director of Bajaj Capital Investment Centre .

A.K. Virmani, **S.Badrinathan**, **T.K. Mukherjee**, **J.B. Roychoudhury** and **C. Raghunathan** have been appointed vice-presidents of Dunlop India Ltd.

K.S. Mani has joined Usha Rectifier Corporation (India) Ltd as general manager, ores.

H.C. Dharwar has taken over as general manager in charge of the sponge iron division of Bellary Steels & Alloys Ltd.

ASSOCIATIONS

R.L. Jain and **R.C. Bhavnani** have been elected president and vice-president, respectively, of The Institute of Marine Engineers (India).

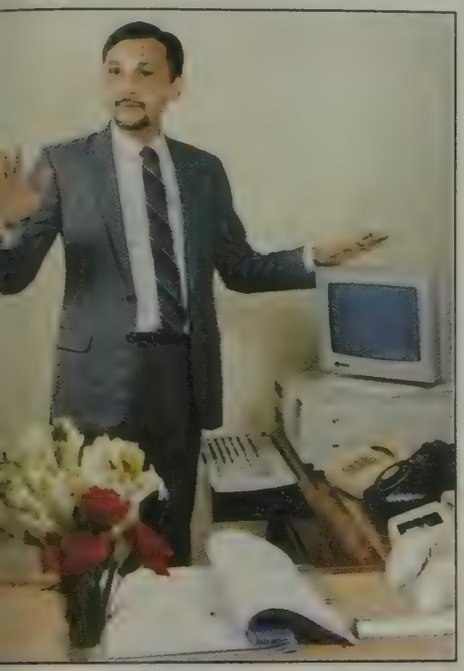
Anurag Aggarwal has taken over as secretary of the Manufacturers Association of Information Technology.

Ashok Sharma has taken over as president of Bombay Management Association.

H.K. Agrawal and **N.T. Vaishnav** have been elected president and vice-president, respectively, of Baroda Management Association.

Rajiv Sinha has been elected chairman of the Kota Centre of the Institution of Engineers, India.

dedicated professional



Nadkar, *44, is managing director of L, Ahmedabad*

•

s among the most respected financial ns in the city of Ahmedabad, and this it comes from having nurtured the e government-owned Gujarat Lease ncing Ltd (GLFL) over the last seven s into the most successful leasing pany in the state. Last year alone, L created assets under lease and hire chase financing worth Rs.51 crore, up 5 per cent from 1989-90. Income rose 3 per cent to Rs.20 crore while profits ped by 79 per cent to Rs.6.04 crore. L's Rs.4.02-crore public issue was subscribed by 27 times in October year.

adkar is now all set to expand and olidate the company's activities and power. GLFL recently added a sumer-service division and wants to ure into businesses such as loan syn- tion, project counselling, portfolio agement, merchant banking, invest- t counselling, etc. He also intends to ve 'career planning charts' for his onnel.

passionate approach. A graduate in engineering from Pune, Nadkar later cialised in marketing and finance at Indian Institute of Management medabad). "At the institute," he says, learnt to work under pressure. We e also taught to develop a dispassio- e approach to problem analysis and tion. This stood me in good stead all through my career and helped me develop the finer aspects of project appraisal."

After a short stint at Fedders Lloyd, Nadkar joined the Gujarat State Financial Corporation (GSFC) as executive assistant to its managing director. He opted for the public sector, because, according to him, it offered a multitude of learning opportunities through the various developmental projects it executed. Working in the sector gave him a chance to innovate and put his training into practice.

Seven years at GSFC shaped Nadkar's career. Here he successfully appraised large projects, both technical and financial. "Express Hotel at Baroda was the outcome of one such appraisal," he states. Also, at GSFC, Nadkar acquired his skills of handling personnel, which later became a hallmark of his management style. "When, in 1972, GSFC decided to computerise its accounts and information systems, the management faced hostile resistance from the operating staff. It took all my ability and patience to convince the staff and finally get the schemes implemented."

Excellent rapport. In 1979, Nadkar joined the Gujarat State Textile Corporation (GSTC) as financial controller. He mastered various facets of working capital management and developed excellent rapport with banks and financial institutions. "These contacts later helped me to establish GLFL," he says.

Nadkar's commitment to GLFL is absolute. Says P.R. Vyas, executive director, Gujarat State Police Housing Corporation and a member of GLFL's board of directors, "The success of GLFL is largely a result of Nadkar's professionalism and dedication. Besides the company's financial achievements, its open management culture cultivated by Nadkar has helped it retain young talented and professional managers within its fold."

Nadkar is now in a dilemma. Though attached to GLFL, his own creation, he cannot entirely discount the lucrative offers from the private sector. The pressures of age, family and need for financial security will influence his decision, when it is taken.

Nadkar devotes his leisure hours to reading and appreciation of classical Indian music.

■ NEERA SETHI

FRONTRUNNERS



As publicity manager of Batliboi & Co Ltd **Bernadette Fernandez** (31) handles publicity for all the ten divisions of the company. "The work is very challenging — almost mind-boggling," she says.

A graduate from Sophia college, Fernandez also holds a diploma in library science. In 1979, she joined Atlas Copco as assistant to the communications manager. She shifted to the public relations department of Hoechst and later became executive, promotion and marketing.

In November 1990, after a one-year stint with the World Trade Centre, she joined Batliboi as publicity manager. Says she, "One of my main tasks has been to change Batliboi's image from a low-profile, engineering goods company to a multi-product company, which is into consumer goods as well."

— P.C.



At 32, **Anil Nair** is the all-India sales manager at the popular cash register manufacturer, Bradma of India Ltd. Says Nair, "I enjoy the opportunity to implement plans, not just make them."

A science graduate from Bangalore University, Nair has a diploma in management studies from Bombay's Bajaj Institute of Management. He started out in 1980 as a sales executive with Bradma in Bangalore, and in 1986, moved to Megabyte Computers as general manager, marketing. He then returned to Bradma, feeling that its introduction of new products now represented a good potential for growth.

Handling only the cash register division at first, he is now in charge of the computer division as well. He aims to make an impact on the industry by consolidating the company's range of products. This, he feels, will make the impact within the organisation automatic.

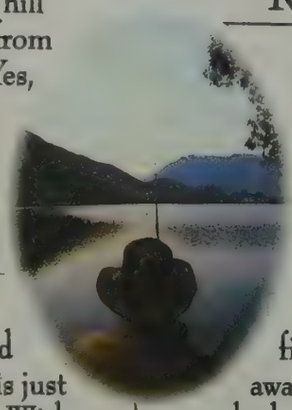
— S.A.



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RANIKHET

(1829 mts.)

Its beauty enticed even queens in times gone by. Dense Pine forests, sheer snow view, Chaubatia—a fruit paradise, scenic golf course and a rich fishing spot just 22 kms. away—Ranikhet gives you the best of both worlds.

BINSAR

(2412 mts.)

This summer retreat of the Chand rulers is the perfect resort for a quiet holiday. Lush Oak forests and an uncluttered panoramic view of the greater Himalayan range contribute to the beauty of the place.

KAUSANI

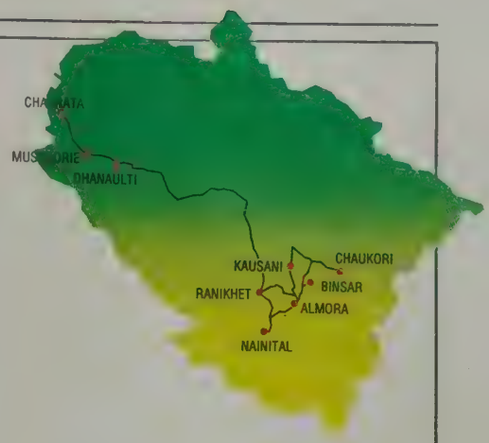
(1890 mts.)

Hidden by stately forests, Kausani abounds in tranquility, religion and history. A grand view of a 350 km. stretch of the Himalayas and an ethereal sunrise will entice you to this resort time and again.

CHAUKORI

(2010 mts.)

Fine weather, beautiful slopes, gushing streams, rolling mists. And the peaks of the Nanda Devi —almost within touching distance. Yes, it's a truly beautiful hill station.

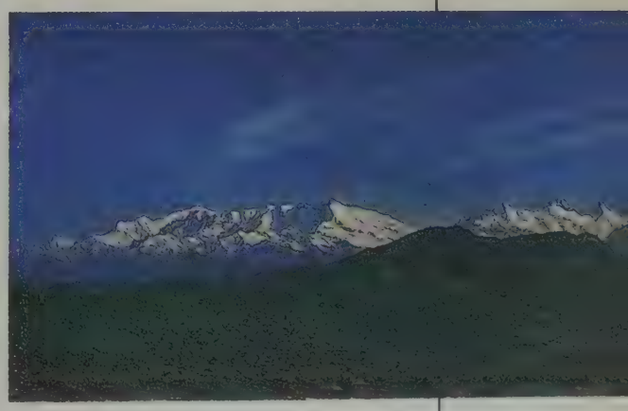


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VISIT INDIA

VASTU SASTRA

Our very own success formula

In this age of reason it is considered embarrassing to be superstitious. But when it comes to money matters, few can resist a success-mantra, however far-fetched it may seem. In sophisticated Hong Kong, the Chinese pay attention to *fung shui* for business success, believing that good or bad luck depends on how furniture is placed, or in which direction a building faces. The Indian belief in *vastu sastra* is similar. Says Chandra Mouli Reddy, a prominent *vastu* pandit in Andhra Pradesh: "It is the science dealing with the earth and its effects on man in relation to his house or place of work. There is a power at work. How it works, we do not know until its effects are visible."

Businessmen in Andhra Pradesh have followed *vastu sastra* for ages. Now even industrialists in west and north India are following suit, for *vastu sastra* is said to guarantee success. But, does it?

Says Jatin Kumar, owner of Sujjana Appliances, makers of Padmini Fans, in Hyderabad: "Till 1987 I sold only 1,000 fans a year. The same year I demolished the shed in the north-east corner of my factory and my fortunes changed dramatically." Within three years his annual sales rose to 35,000 fans. "All my new units will be constructed according to *vastu*," he declares.

Even a hi-tech company like Bull Powers System Pvt Ltd, which sells computers in technical collaboration with Futeba of Japan, consulted a *vastu* pandit. Says managing director S.R. Ramprasad: "The success that followed induced me to change my opinion of *vastu*." His total turnover for the year 1990-91 is Rs.10 crore.

Quick positive effects

Says Jagdish Prasad Kanuri, managing director of *Andhra Jyoti*, the Telugu daily with three editions and a circulation of one lakh: "In 1981 I made some changes in tune with *vastu* in my Vijaywada office and immediately the positive effects were visible. When we began our Hyderabad edition we chose the site as per *vastu* and even constructed it accordingly. Within one month we broke even and after six months our third edition from Vishakapatnam started."

According to P.D. Aggarwal, owner of Nort-West Switch Gear Ltd, Faridabad, "In Delhi many have begun consulting *vastu* lately, some surreptitiously, oth openly." Some *vastu shastris* claim t even the Singhanias and Modis h adopted *vastu* principles, though the dustrialists were not available for co ment. Liquor baron Vijay Mallya toc said to be a great believer.

One fall-out of the growing popula of *vastu sastra* has been a rise in dema for *vastu* pandits. Even the number pandits are said to have increased. Co plains Aggarwal: "I us to pay Rs.500 Rs.1,000 for *vastu* c sultancy five years ba but now with more notch industriali seeking such advice minimum money *vastu* pandit takes Rs.50,000."



B.N. Reddy: Taking the sting out of fate

Some well-kno pandits are B.N. Red Chukkanna Su ramaniam, Venkates war Rao. They are hig qualified, professio people. Mouli is the chairman of Andh Pradesh Dairy Development Corporati of India and a lawyer, while Reddy i United States returned architect an Congress (I) MP who has combined roles of architect and *vastu* consultant

For Reddy, the *sastra* is the science putting together things in such a mann as to get the maximum benefits. Mo over, he says, "It has nothing to do wi religion or faith." Aggarwal thinks, "t fact that *vastu* is based purely on ge graphical directions and the magne field gives the concept a touch of realit According to Mouli, *vastu* is a reliab guide to 'corporate amniocentesis'. suggests that at the blueprint stage its the birth of 'sick babies' can be prevente Mouli refers to the Andhra Pradesh Infr structural Corporation which chose ignore *vastu* rules. This resulted in loss he says.

Temple architecture

Vastu was most prevalent in temple a chitecture, says Reddy. The temple Tirupati, for example, adheres to *vas* principles. The main entrance is on t east, the water tank in the north-ea And this is the richest temple in the wo with an annual income of Rs.40 cro points out Reddy.

According to the pandits there a some basic principles to be followed.



North-West Switchgear: built according to the Vastu-principles

erate employment and create wealth, angular or square plots must be pro-d, with four roads to every industrial t. The topography is also important. land should be sloping towards the th and the east. If the south is higher north is lower then cash flow is tinuous.

ccording to *vastu*, water too plays a cial role in creating wealth. A unit uld be built only on the west and thern banks of rivers, ponds or lakes. ell or an underground water tank in north-east corner of the industrial t results in harmonious labour tions.

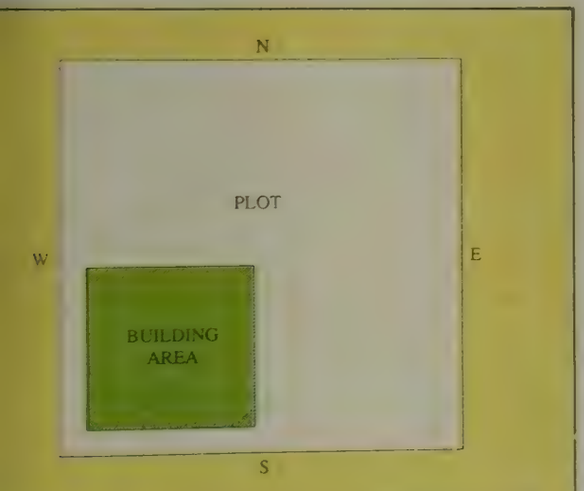
n factories, furnaces and boilers need e placed in the south-east corner. refore, if water is in the north-east fire in the south-east and the north-t, the place of *vayu*, or air, is kept n and the south-west is covered, then, the cardinal elements of *vastu* are king in harmony with each other. Ac-ding to Mouli, Ductron Castings was making a profit of Rs.10 crore. But in the late eighties they expanded in the north-east direction and went bankrupt.

According to *vastu* principles, the unit has to be constructed in the south-west corner covering 25 per cent of the total area and grow higher without encroaching the north east. Says Mouli: "If it's vice versa, contrary results are obtained." He thinks the industrial tragedy of Kerala is a living example. In Kerala it is customary to build in the north-east corner of a plot. Result: despite enormous natural resources, education and intelligent labour and a vast market they are not successful in industrial ventures.

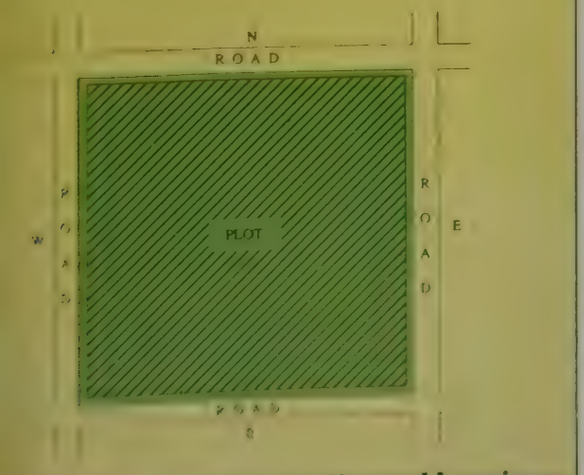
S.P. Jaiswal, owner of Minar fans in Hyderabad, is so enamoured by *vastu sakti* (energy) that he always carries a compass and advises others to do the same. Says he, "Even the construction and changes made by your neighbours will affect you if a minimum distance as per *vastu* is not maintained." Ramesh Gelli, chairman of Vysya Bank, is a firm believer. He even arranges his bank's sitting positions in *vastu* style.

Some basic principles

- If the plot is not square or rectangular, the south-west angle should be at least 90 degree and the north-east angle less than 90 degree.
- The levels in the north and east should be less than those in the south and west. The surrounding levels should be such that the natural rain water flows towards the north or east.
- An underground water tank or a well should also be situated in the north eastern part of the plot. The deeper and wider it is, the bigger are the dividends for small investments.
- All buildings should be located in the south-western quadrant.
- The entrance should preferably be from the north or east with more doors and windows opening in these directions.
- Select your site in that area where roads are parallel and perpendicular to the north.



pace in the north ensures continuous cash low while space in the east ensures uality product



oads on all sides ensure all round happiness

Not hardwork alone

S.K. Thakur of AVU Engineering spent Rs. 15 lakh to add a new structure on the western side on the advice of the *vastu* pandit and has never regretted it. He set up his unit in 1985 from scratch. This was followed by tension and struggle till he adopted *vastu*. By 1989 his turnover was Rs.4 crore. Says Thakur: "I always believed hard work to be the only key to success. But on observing the effects of *vastu* I had to change my views." But, says Jayant Tagore, managing director of Synthokem, "I cannot give total credit to *vastu* even though I've constructed my factory according to *vastu*." Sadanand Shetty, ex-chairman of Vijaya Bank, has built his house according to *vastu*. It was designed by architect Rumi Shroff.

But what about instances where even without *vastu* a person has done well? Says B.N. Reddy, "Every person is born with his own fate. *Vastu sakti* reduces the poisonous effect of his fate." Mouli even goes to the extent of taking a random sample of industries around Hyderabad to prove his point. The results show that less than 20 per cent of the industrial units belonging to the small-scale sector are generating profits and rest have become sick. The healthy units follow *vastu* by coincidence and the sick units grossly violate *sastric* principles, though unintentionally.

"Much of this kind of knowledge," says Mouli, "is lost due to lack of preservation facilities. It was transmitted down the ages through disciples until the written script came into existence." Mudragada Ramarao drew attention to it with his book in Telugu *Ramaraya Panchagam*. So far, no other book is available, though Mouli and Reddy are both launching books in English.

Mouli suggests that the Bureau for Industrial and Financial Reconstruction (BIFR) should adopt *vastu sastra*. "So much national waste can thus be saved," he says. While it may be difficult to believe that national waste can be prevented merely by adopting the principles of *vastu sastra*, the fact is that many industrialists trace their success at least partially to this ancient concept.

■ REENA PATNAIK RAO with DEVAPRASAD PUROKAYASTHA in Bangalore and MOHAMMED OMAR FAROOQ in Hyderabad

RATNAGIRI

Where Alphonso is king

With the rain clouds beginning to gather, skilled workers in Ratnagiri are plucking the last mangoes of the season. R.K. Gore, otherwise known as Dada, surveys the sky, hoping the monsoon will not come early and destroy the crop in his 15-acre plantation in nearby Bashni. Midway, his gaze rests upon Shankar, a labourer with 10 years experience in mango-picking. Shankar, perched atop a 35-ft high tree, balances a long bamboo stick in his hand with a net attached to it. Using the V-shaped iron blades inside the net, he slices off the luscious fruit, taking care to see it is not damaged in the process. The mangoes, still green, will take eight days to ripen after plucking.

Shankar's pickings will form part of the 15,000 tonnes of Alphonso mangoes which make their way between April and June from Ratnagiri to Bombay, 370 km away, before being sent elsewhere. Thirty-six varieties of Alphonso are grown in India, but it is Ratnagiri's iron-rich soil and sea air which combine to form the best. "If you take an Alphonso seed from Ratnagiri and grow it in Valsad you won't get the same quality," says Umesh Lanjekar, a fourth-generation mango farmer.

Big business

Mangoes have been found in the Indo-Burma-Thailand region for thousands of years. The Portuguese are credited with grafting the best varieties in Goa, and, according to A.V. Ranadive's *Mango: The King of Fruits*, it was a Portuguese gardener, Alphonso Albuquerque, who brought them to Shirgaon, near Ratnagiri some 300 years ago. Mangoes became a real cash crop just five years back, says Gore. Gore, whose father was a mango trader, points out that earlier, a crate of four dozen would fetch the grower Rs.50. Today, while the average rate is Rs.200, a crate could fetch even up to Rs.700.

With 27,000 hectares under mango cultivation in Ratnagiri, and 15,000 of these in the productive stage, mangoes are becoming big business. Last year, the turnover was Rs.4.5 crore; this year, it is close to Rs.6.5 crore, says Mahavir Jangate, deputy director of horticulture, Ratnagiri. And this is likely to grow, what with the government actively promoting mango farming by providing a 100 per cent subsidy to those who have the land.

The project, under the Employment Guarantee Scheme, is meant to benefit small farmers. Last year, 4,000 hectares went under mango cultivation; this year, it is 8,000. It will be seven years before the new plants bear fruit. Meanwhile, there is some scepticism among the bigger farmers. Lanjekar, one of the very few agricultural graduates in Ratnagiri, points out that the beneficiaries are required to take the 'mother plant' from government nurseries. Their quality may not be the best, he feels, and the results will only be known several years later when nothing can be done about it.

Deepak Tolani



Chandrakant Patwardhan sorts out mangoes for canning

The quality and quantity of the mar goes depends to a large extent on climat The trees can withstand dry condition and heavy rainfall, but the cold can er danger the fruit. This year's crop was af fected by the severe cold in Ratnagir Flowering was delayed, and the season with a 25 to 30 per cent fall in production began in mid-April instead of at the en of March. The flowering occurs in thre stages, and this year, say the farmers, onl the flowers at the last stage bore fruit.

Talking to trees

Some orchards, have, however, flour ished. Gore and Lanjekar are happy witl their produce. Gore's 600 trees have given him 40 tonnes so far. Lanjekar's 2,00 trees are heavy with the fruit, and som mangoes even weigh up to half a kg, h declares with pride. Both prefer natura fertilisers to chemical ones, and Lanjeka attributes part of his success to the fac that he talks to his trees!

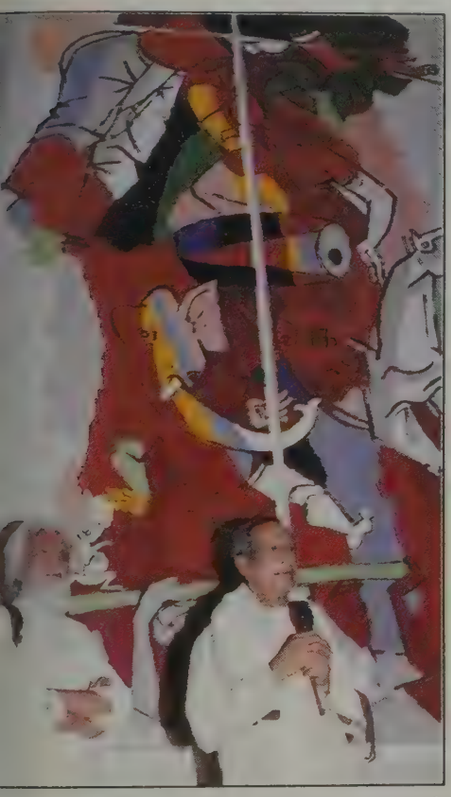
While mangoes from government plan tations are auctioned at the flowerin stage, private growers strike deals with middle-men. The best mangoes, naturally are exported. The top quality ones go t France, Japan, England, Singapore an Malaysia, and the "second quality" to th Gulf. The US rejects Indian mangoes, say ing the fertilisers are unacceptable.

Small or spotted mangoes that wil fetch a low price even in the local marke are often canned. While Gore produces 500 to 600 cans (of 850 gm each) a day a home, larger ones like Ganesh Industries a Parle franchise, produce 1,000 tonnes i a season that lasts a maximum of 90 days "Each tin requires 2 kg of mangoes," say Chandrakant Patwardhan, who grow and cans mangoes, "and it is more lucra tive to sell the fruit itself while the price are high." Patwardhan converts some o his produce into syrup and pickle too particularly the mangoes that will fetch low rates because of their size or superfi cial defects.

Whatever form the fruit may take, som things about Alphonso mangoes neve change — the taste and the traditiona methods of farming. Lanjekar, for all hi education, prefers to use the bamboo pol for plucking instead of a harvester. "Th harvester's thin aluminium blades ar not as good as the iron ones in the nets he says. "Besides, a machine cannot de cide whether the fruit, which looks ready is actually ripe for picking. For that, noth ing can replace the human eye." ■

MENKA SHIVDASAN

rust **Maqbool Fida Hussain** to make it to the heades every time. Last fortnight was at the Bajaj Auto corpoe office in Pune, giving the shing touches to an original nting for the company. It was er unveiled by the legendary



ndustani classical vocalist, ndit Bhimsen Joshi. Depictthe famous Haldighati batthe canvas features Rana tap's horse Chetak — also the name of one of the most popular Bajaj scooter models. While roping in the maestro was definitely an achievement for Rahul Bajaj, it is also an assignment which the painter will remember for long. For, at an impressive 30 feet by 10, it is Hussain's largest canvas so far.

When not collecting awards — she has already bagged the Vijay Ratna, the FIE Foundation award and one from the Rotary Club — **Lila Poonawalla** collects matchboxes. Yes, that's right! Matchboxes of different shapes, sizes and colours from countries like the Soviet Union, Germany and the United States. Says the Pune-based managing director of Alfa Laval, "I have about 500 to 600 matchboxes from all over the world. You see, I am abroad nine months in a year." But why does she collect matchboxes? "Because the ones they have abroad are so colourful and interesting," says Poonawalla.





It was a red letter day for **J.S. Sabharwal**, managing director of Brooke Bond India when he accepted the Corporate Citizen Award on behalf of his company recently. Sponsored by HMT, Bangalore, the award has been initiated by the Rotary Club of Bangalore. It is given for product quality and consumer service. The award also takes into account criteria like organisational culture and social responsibility. For quite some time now, Brooke Bond has been supporting a social welfare project, the "Anga Karanya Kendra", a limb centre trust on the outskirts of Bangalore.

The General Electric Plastics World Student Design Competition is among the more prestigious international design competitions in this category. And representing India at the world finals to be held in the US in September will be **Sanjay Koli**, a final year student at the Industrial Design Centre at IIT, Bombay. Koli's entry was selected from the 23 which were put up at the India-level competition organised by IPCL at Baroda recently. His "Braille Copier" incorporates various engineering thermoplastics and advanced electronic gadgetry. It displays a page at a time — a big improvement over the single-line printers.



She shies away from publicity but cannot help cutting a



familiar figure in the desert terrain of Kutch. **Chandaben Shroff**, the wife of Excel Industries managing director K.C. Shroff, is known for her efforts involving uplift of women in this drought-prone region of Gujarat. "I have just helped organise local talent in embroidery," she says. "The items were made available to city women who long to adorn their homes with such work." Obviously, it has not been easy organising nearly 1,200 women spread over 50 villages who produced Rs.25 lakh worth of goods last year. Her other interests include painting, designing and sculpture.

Dynamic growth in rubber



In the industrial world of elastomers, **B.C. Sekhar** *has a reputation to reckon with. A Malaysian citizen of Indian origin, Sekhar has been chairman of the Rubber Research Institute of Malaysia as well as the Palm Oil Research Institute of Malaysia. Currently secretary-general of the International Rubber Study Group, London, he talks to K.G. Kumar of* Business India *about the prospects of rubber production in India*

In today's world rubber industry, prices are depressed and demand is falling. Why is this so?
First of all, I wouldn't use the word 'depressed' for prices in relation to forces of supply and demand. In the last two years, natural rubber consumption has exceeded production, yet the market price doesn't reflect this.

It is true that total demand has been adversely affected by the transient recession in the US and the turmoil in East Europe. The world economy is in the doldrums. In spite of this, the proportionate use of natural rubber has increased. We believe that supply will not catch up with demand in 1991. In the last two years, stocks have been coming down. Normally, when stocks fall the price goes up but in the rubber market that does not happen. Fundamentally, I think the natural rubber industry is stronger today than ever before.

The industry worldwide seems too closely pegged to the tyre industry. Isn't such overdependence dangerous? Is anything being done to find new industrial uses?
About 70 per cent of natural rubber goes into the transportation sector but I do not think you can call that overdependence. After all, you have to cater to that market. In radial tyres, the proportion of natural rubber used has increased. But non-tyre areas are also being developed. For instance, earthquake-vibration dampening blocks of rubber for buildings have been successfully tried out in California and new engineering uses for rubber are being found.

Last year, Malaysia saw a record low in natural rubber output mainly because of a drop in cultivated area as estate owners switched to oil palm and other crops. Is this a growing trend brought on by low prices?
Oil palm has the highest yield per unit area and so the profits available were extraordinarily attractive. Unfortunately, this rush to oil palm only reflects the shortsightedness of the plantation sector in Malaysia. In 1985-86, the price of palm oil fell below cost but by then the massive shift had already occurred. There now seems to be a new awakening that Malaysia should review its policy to have a more realistic proportion.

What about the International Natural Rubber Agreement by which producing and consuming countries agree on a percentage increase in the reference price through operation of the buffer stock system?
This was signed in 1980 and it has been fairly successful. One of the first acts under this agreement was the buying of 370,000 tonnes of rubber, all of which was sold subsequently. So when the trade understood that the buffer stock manager will not hesitate to buy or sell, the market managed to keep the price hovering at levels that keeps the manager inactive. It has worked for b consumers and producers.

Production of natural rubber in In has been growing at about 7 per ce annually for the past two decades. that a healthy enough rate?
You need to do more than that becau you are still importing rubber. But th are not many areas left in Kerala and India will have to go to non-tradition areas to increase its rubber productic Thailand has grown by 9 to 11 per cer in the past few years and Indonesia b to 4 per cent. We have projected that, 1995, India should be producing 360,(tonnes of rubber, not considering the non-traditional areas. But I think Indi has already crossed that figure. By 200 AD, India should reach 476,000 tonne or, optimistically, 574,000 tonnes.

Indian producers and consumers ar forever quarrelling about the benchmark price of natural rubber fixed by the government. Do you thi Indian rubber planters are a pampered lot whose low productivit and average performance are protected by a powerful lobby which wins them high prices?
There is no doubt that any form of pric support policy will tend to sustain som sectors of inefficiency in any agricultur system. On the other hand, the natural rubber industry is dominated by small holders with very little market clout in commodity market. A stable remunerative return for small holders i therefore a necessary and desirable objective.

India is well poised to expand the rubber manufacturing sector substantially and indeed become a significant exporter of rubber goods. To realise this, the manufacturing sector requires adequate supplies of raw materials at globally competitive prices.

India's proportionate use of natural rubber is about 78 per cent while the world figure is 33 per cent. There is therefore a potential for synthetic rubber to expand in India.

In determining the support price, all these considerations must be taken into account.

The indications are that the national rubber production sector is growing dynamically and is techno-economically capable of meeting these objectives at realistic price-support levels.


Good Day
Good Morning.

RN 35850/80

REG. No. MH—
SOUTH

HAMARA BAJAJ



VALU
F O
MONE
F O
YEAR

bajaj

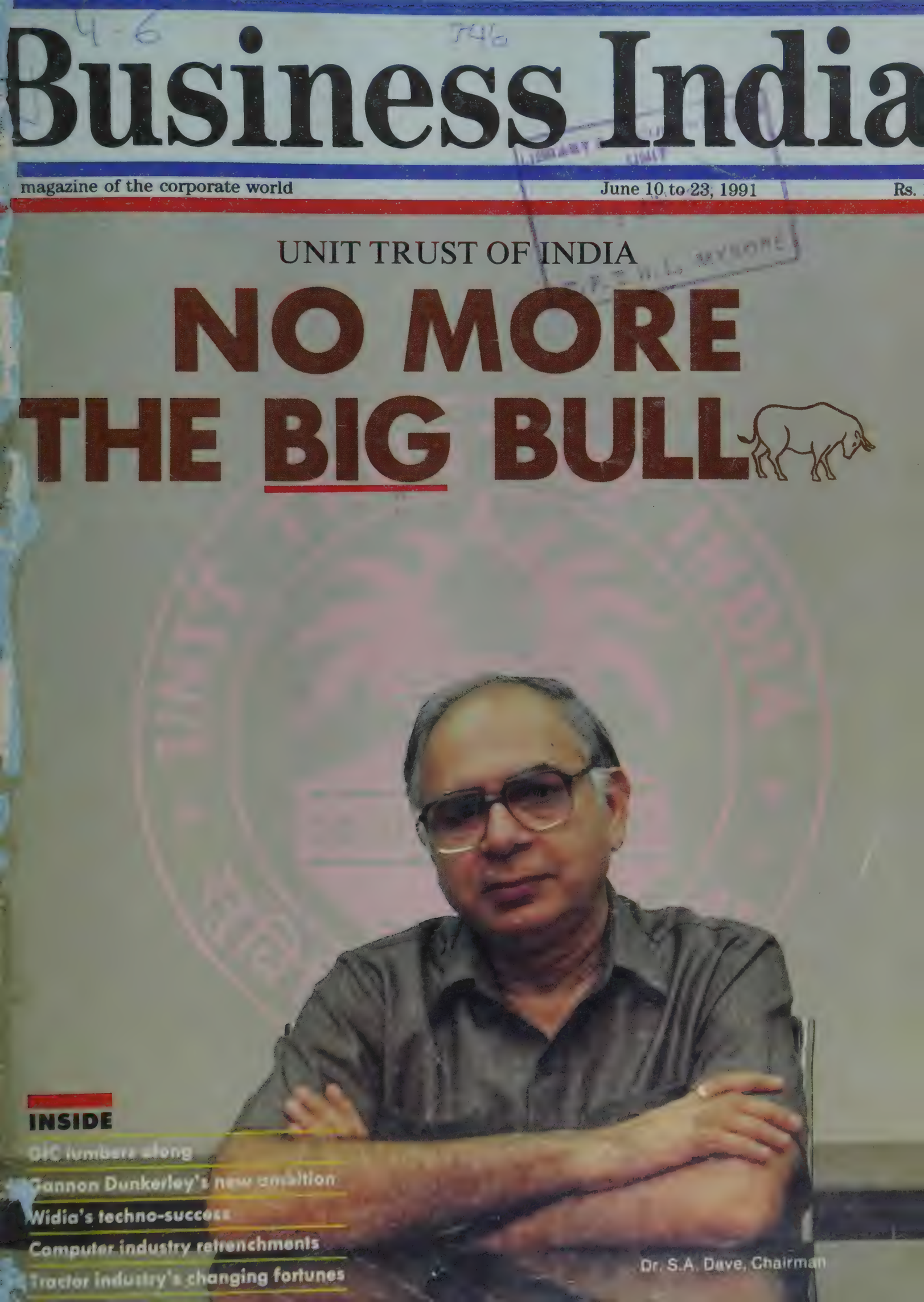
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Business India

magazine of the corporate world June 10 to 23, 1991 Rs.

UNIT TRUST OF INDIA

NO MORE THE BIG BULL



Dr. S.A. Dave, Chairman

INSIDE

OIC lumbers along

Cannon Dunkerley's new ambition

Widia's techno-success

Computer industry retrenchments

Tractor industry's changing fortunes

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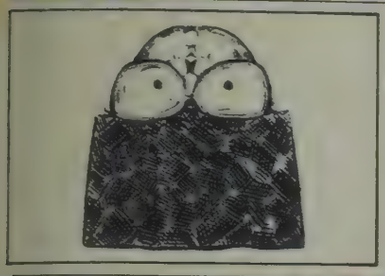
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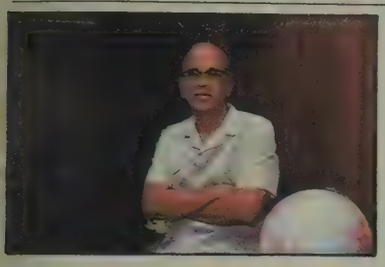
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UTI has come a long way since its modest beginnings in 1964.Now new changes will determine its path in the competitive nineties



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Business India's cartoonist Dhirendra Kumar Shrivastava used George Orwell's idea of the close kinship between politicians and animals to draw a series of drawings.A selection

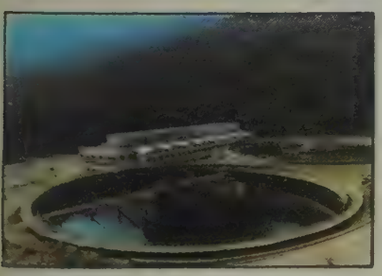


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Good
Cashew
Good Morning.

Business India

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LETTER FROM THE PUBLISHER

The Unit Trust of India is an institution that works.

There are two "what if" questions that one should ask about UTI.

The first, is what if there was no UTI? One just has to look at the size of the funds raised, and the number of investors served, the numbers of schemes originated and the role in capital markets to appreciate the role played by UTI in the development of the Indian capital market. This simple test underscores the importance of UTI.

The second, is what if UTI was based and run out of Delhi? One can only imagine the levels of inefficiency, corruption and political manipulation on a day to day basis that would have followed. This question only highlights the fact that though in the government sector, UTI has been run both competently and honestly during a period of slide in political and government morality. Of course, this is not to say that the government has not from time to time interfered in the day to day management. But both in relative and absolute terms the performance of UTI has been very impressive.

But it is important to focus on the administrative and regulatory framework within which it operates. On the one hand, in spite of its record, the sad fact is that UTI, like any other government organisation, has to keep going back to the government for routine permissions and clearances. For example, after the success of its funds in the UK and US, UTI had numerous offers from the lending merchant bankers of the world to float a series of funds, in Japan, Europe and elsewhere. In the last few years proposals to raise hundreds of million of dollars got held up for lack of government approval. Isn't it ironic that the same central government is now desperately scrounging for funds overseas.

On the other hand, in the absence of any securities legislation (which would apply to the government and private sector alike) there is no regulatory supervision of unit trusts and mutual funds. And there is traditionally little sharing of information that in the US and UK, is, by law, made available to the investing public. Delhi has not felt the importance of setting up the basic regulatory system, probably on the simplistic assumption that government sector bodies need not be regulated because after all they are run by government.

It is precisely this regulatory framework that is absolutely necessary for the long-term growth of capital markets. And it is this absence that has historically allowed Delhi to ask how can private sector mutual funds or unit trusts be "permitted".

Some years from now, (after these simple but basic systems are in place) we will look back and wonder what the argument was all about.

Ashok H. Advani



Transfer Line — monocoque body shell welding.

Latest Mercedes Benz technology

That's what makes Tempo Traveller a world-class vehicle.

19 JUN 1991
C.F.T.R.I., MYSORE

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The fact is Tempo's state-of-the-art new plant at Pithampur has been set up at an investment of nearly Rs. 50 crores.

Extensive use of robotics and computer integrated manufacturing systems give the Traveller unparalleled welding precision and welding strength.

An electrophoretic dip process, immersion of full body, gives its monocoque body life-long protection against corrosion.

The Traveller plant's assembly environment is highly sophisticated. And its overhead conveyor system, synchronised with a revolving assembly carousel ensures a superb finish (as well as high productivity).

What's more, the Traveller is powered by a new 72 BHP Mercedes OM 616 engine which is extremely silent, extremely fuel-efficient, as well as extremely reliable. And its indirect injection system ensures low pollution.

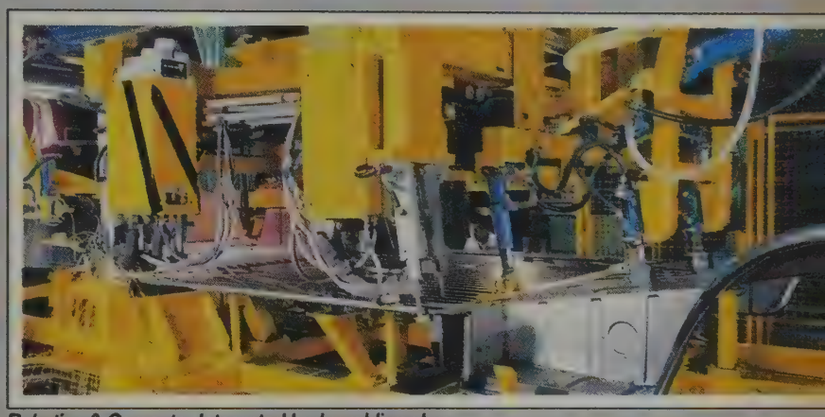
The Traveller's gearbox too, is a result of high technology: a 5 speed full synchromesh gearbox which uses honed gears and a precise hypoid axle... to give you superb performance and longer component life.

Finally, driving the Traveller is as light and as much of a pleasure as driving a modern top-class car. (With a turning circle that is smaller than most Indian cars.)

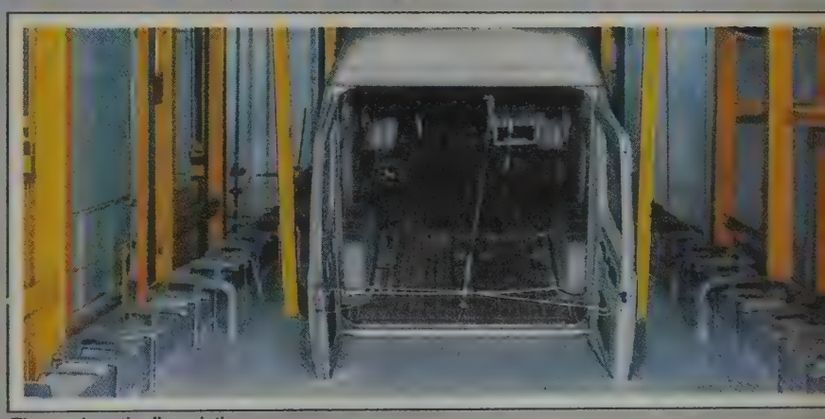
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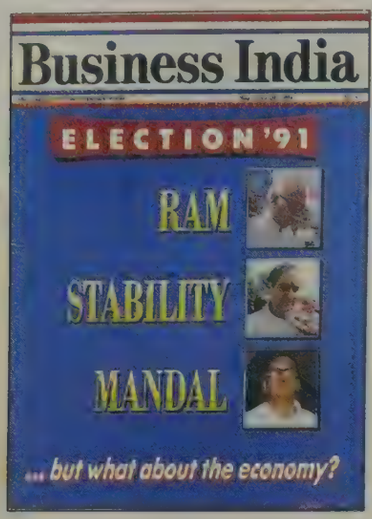
His suit: "Microlite", an exclusive blend of Extra Fine Merino Wool.

You don't have to break a world record to be a Raymond's man. For that matter, you don't even have to be a Raymond's man.

...but it helps.

Raymond's

Never say no to life.



• Give 'em a chance

You are slightly underplaying the role of BJP and its capabilities. (Cover Feature, 13 May) No party in India is as disciplined as BJP; so why not give it a fair chance? If it fails to deliver the goods, it would automatically be thrown out.

U.S. IYER
Bangalore

• Unconcerned

Your cover feature on the election 1991 (13 May) made interesting reading. The leaders are only interested in coming to power. Nobody appears to be concerned about issues like population, economic mismanagement, inefficient administration, overburdened judiciary, industrial unrest, etc. Just because of the inability of our leaders to administer the affairs of the nation properly, every citizen is suffering.

SURENDRA KANSTIYA
Bombay

• Political manifestoes

While the comparative statements of the four manifestoes and the answers to your queries by the three leaders were useful, the two boxed commentaries, viz. 'Economic Manifestations' and 'Who is responsible for the mess?' have failed to bring out the real weaknesses of all the manifestoes (Cover Feature, 13 May). All of them say what they propose to do but not how. Nor do they give time-tables except the Congress (I), which has come out with declarations on employment generation and cuts in non development expenditure. However, a study of their past promises and implementations will show that they have no credibility in that respect.

Also, each party should give unqualified declarations that their pledges are not conditional upon such factors as external threats, the 'foreign hand', oil crisis, the mess left by the previous government and so on.

A.M. DAR
Bombay

• A man for all seasons

Your cover feature on L.M. Thapar highlighted many of his specialities (29 April). And your 'Letter from the Publisher' rightly highlighted the importance of business houses being close to the government of the country.

Businessmen should avoid excessive "protection", for they will face cut-throat competition once they move into global markets. And they have no other way but to go into world markets, if they really want to sustain.

Thapar has to be complimented for never looking at the share-holding pattern as the basis for control. He stood for rapid professionalisation in management.

G. BALAKRISHNAN
New Bombay

• Make amends

Two main reasons for the "Old Faithfuls" (Feature, 29 April) sticking on to their jobs, as you have rightly mentioned, are that they are fully conversant with the culture of the organisation and that they know everyone from top to bottom.

But, the situation is different now. The top management is changing in many companies due to either takeovers or the financial institutions bringing about the changes. Consequently, directors, managing directors and sometimes, chairmen come from some other organisations, with an entirely different culture and outlook. In such cases, the old faithfuls find their very existence very difficult and frustrating.

It is high time the so-called modern management realise this aspect and at least make an attempt to reciprocate the sentiments of the Old Faithfuls instead of allowing them to retire with a feeling of bitterness and frustration.

P. RAMAKRISHNAN
Madras

• Taken for granted

Having been associated with an Indian subsidiary of a multinational company for more than 40 years, where I rose to the position of a senior executive from the rank of a staff member, I was thrilled to read your 'Feature' on old faithfuls. (29 April)

Yes growing with the company gives you great satisfaction and a feeling of achievement but, alas, more often than not, you are taken for granted.

K.A. ANANTH
Bombay

• Location wrong

In your article on Keventor Agro (Corporate Report, 29 April) you had wrongly mentioned Hindustan Packaging Company Ltd. (HPCL) as a Hyderabad-based organisation. You may note that HPCL is a subsidiary company of NDDB, based in Anand (Gujarat).

VIVEK DIXIT
Anand

• Oversight, perhaps

In your article on consultants (Marketing, 15 April), there is one mis-statement, perhaps due to an oversight regarding me, at one place. The printed statement says that I was "with advertising agency Lintas India as a marketing director". What I had stated during the interview was that I was with "Lintas India on client-contact work, and later I joined a client-company as marketing director — a company which at that time was an associate compar Union Carbide Corporatio the US."

KRISHAN GOSWAMY
Washington DC (USA)

• In no way connected

It has been mentioned that ish Nagpal is the owner of E bay's Hotel President (Pec 29 April). I would like to cla that I am in no way connecte Hotel President in Bomba elsewhare or to the family t owns Hotel President.

ASHISH BALRAM NAGPAL
Bombay

• Professionals in ministries

You said that the fate of country's economy is decided a handful of people academicians, economists, officers (Letter From the P lisher, 1 April). Often, howe valuable suggestions to impr administration come fr professionals.

I have a suggestion. alre tried and implemented in de oped countries — admitt professionals from the priv sector in ministries. Simila the government could ha quality circles, that make it p sible for workers to particip in management, in governm departments.

G.M. PATIL
Pune

• Visit India

It is unfortunate that the Vi India Year 1991 is not going well as planned (Busine Notes, 4 February). We shou make an effort to highlight t virtues of places other th Kashmir to the US and Euro The country offers other exc lent areas for tourism like M habalipuram and the world unique backwate "Pichavaram".

India's vast resources w certainly make tourism a su rise industry. Like Malaysia a Thailand, we too will succeed.

S.A. ALAGARSAMY
Madras

How to host the party of your life. FREE!



NB: This information will be treated as CONFIDENTIAL. Please write in BLOCK letters.

Name: _____ Age: _____ years

Home Address: _____

_____ Pin: _____

Company Name & Address: _____ Occupation: _____

_____ Designation: _____

_____ Pin: _____

Annual household income: 25,000-50,000 ☐ 50,000-1 lakh ☐ 1-2 lakhs ☐ 2-3 lakhs ☐ Over 3 lakhs ☐

Family Size: _____ adults _____ children (below 18)

Do you own a: scooter/motorcycle ☐ Brand name: _____ credit card ☐ Brand name: _____

car ☐ Brand name: _____ TV ☐ fridge ☐ VCR ☐

Do you own a: flat/house ☐ washing machine ☐ air-conditioner

stereo ☐

Do you smoke ☐ drink liquor ☐

No. of nights spent in 3-5 star hotels in 1990:

3-5 ☐ 6-9 ☐ 10-15 ☐ more than 15 ☐

No. of air journeys in 1990:

Domestic: 1-3 ☐ 4-6 ☐ 7-8 ☐

9-10 ☐ more than 10 ☐

Overseas: 1-2 ☐ 2-4 ☐

more than 4 ☐

RSVP

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But even if you don't win, you still win. Because a large number of marketers of consumer durables, fashion garments and other exciting products and services are keen to flood you with great discounts, free gifts and cascades of incentives through the mail!

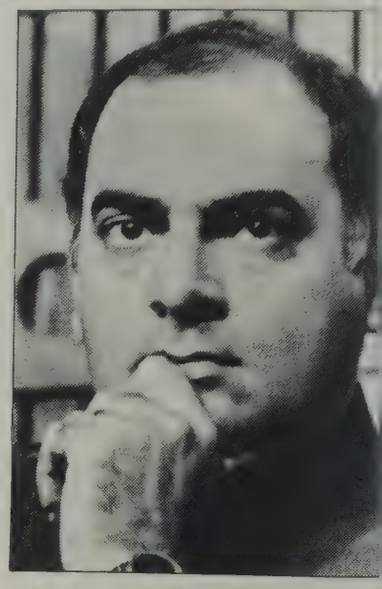
So fill in the 2-minute form alongside today. Better still, now!

Only forms complete in all respects are eligible. Photo copies of the form also qualify.

LAST DATE: 30TH JULY 1991

Forms to:
The Chief Executive,
Datamatics Direct,
Eucharistic Congress Building No. III,
5, Convent Street, Bombay-400 039.

Poll prospects



The difference in popular feeling following the assassinations of Mrs. Gandhi in 1984 and of Rajiv Gandhi last month lies in the difference between the sympathy that was felt for Rajiv when his mother died and the empathy that people feel for the Congress without Rajiv Gandhi. In the latter case, there is no unanimity of view although it is partly because the Congress has a different image in different regions of the country.

There are at least four distinct attitudes towards the Congress party after Rajiv Gandhi. Some people see a power vacuum and the emergence of a dominant group of power-brokers; others see an opportunity for the rejuvenation of an over-centralised but right-thinking party; still others, who have been loyal to strong local Congress leaders like Sharad Pawar, hope that the party will at least remain united; yet others hope that the Congress will abide by Rajiv Gandhi's ideas.

The last two form the famous TINA group, that There Is No Alternative. Many of the last group are in the south, which is largely yet to vote. These people are closest to feeling sympathetic for the party and are, therefore, unlikely to desert the party at this stage.

However, the greatest favourable impact could be felt in the state of Maharashtra where the third group is sizeable. When electioneering first began it appeared that the BJP-Shiv Sena alliance would prevent the Congress (I) from even matching its 1989 tally of 28 seats. However, Bal Thackery's espousal of Nathuram Godse — a few days before Rajiv's assassination — and the tragedy that followed are expected to strengthen the ranks of this segment of the TINA group.

Overall, the effects of Rajiv Gandhi's death from a strengthening of the forces of the TINA group will be ma ginally beneficial for the Congress party. This is because th level of commitment to the Congress party was already hig among this group.

It is for the hearts of the first two groups — residin largely in the north and who largely voted against the Co gress in the 1989 election — that the Congress and oth political parties must now battle.

Here the impact will not be dramatic in vote swings bu could be dramatic in seat count, especially in marginal sea and with half of UP yet to vote.

Therein lie the confusing implications for the rest of th polls. Small swings in the north coupled with a consolidatio in the south and Maharashtra could yet see the Congres through. The Congress has started targeting those who war a more democratic Congress after the failure of a sympath wave to emerge in the north. If successful, Sriperumpudu may yet mark a turning point for the party.

Miles to go before we sleep

HUMAN DEVELOPMENT REPORT 1991

The release of the Human Development Report by the United Nations Development Programme 1991 illustrates that just as economic growth is necessary for human development, human development is critical for economic growth.

Human development is a complex enough thing to define. A humane society certainly allows the widespread enjoyment of human, economic and political freedoms; also its government ensures the welfare of the poor, the young and the unborn.

The Indian experience in the eighties demonstrated that economic growth positively benefits such measures of human development as the reduction of poverty. However, several other measures of human development, such as health, nutrition, education and basic freedoms are often the victims of poor choices by democratically elected politicians. This explains why India, in spite of a democratic system, ranks 123 among the 160 developing countries ranked, coming be low countries which Indians are used to considering as worse off, including dictatorships such as Cuba (ranked 62), North Korea (ranked 74) and Vietnam (ranked 99).

Yet the report makes a strong plug for democracy based on its data, even though only 37 of the developing countries ranked above India are democracies. This is necessarily because democracy has emerged to be a necessary but insufficient condition for development. Nevertheless, the report points out that in free societies like Costa Rica and Mauritius, the poor have advanced rapidly largely because of democracy.

In fact, India ranks poorly even in the report's Human Freedom Index, scoring 14 points out of a possible 40, behind even countries such as Israel with its disgraceful record

towards its Arab residents. India scores poorly because of the continuance of child and bonded labour, the involvement of the police in communal riots and the abuse of the social rights of women.

The report makes several suggestions to improve human development. These include the compensation of powerful groups as a sweetener for allowing reallocation of resources to the poor — such as providing subsidised fertilisers to all farmers. It also suggests debt reduction as an important target because this reallocates resources away from social spending.

Ultimately, the report concludes that a lack of political commitment, rather than a lack of financial resources, is usually the real cause of human neglect. While this is certainly true for countries like India, is this true for countries like the Soviet Union where considerable — though entirely misguided — political commitment was the key to its problems?

Clearly, the report seems to be implying an unstated political message: what is necessary is a commitment to *laissez-faire* economics along with an enlightened willingness to intervene when necessary. Depending on the situation, this could be a prescription for success, as in Japan, or one for disaster, as in several developing countries through the seventies.

The other problem with the report is its often simplistic suggestions. For example, it recommends that countries concentrate on basic drugs to improve health at low cost. Such a strategy has led to severe problems in Bangladesh thanks to the phenomenally high cost of "non-essential" drugs on the one hand and the unavailability of price-controlled "essential" drugs on the other. Similarly, the recommendation that primary schooling be free in order to promote education has failed in rural India because it is implemented in government schools by untrained and unmotivated teachers.

Of course, the report is not designed to provide solutions. By highlighting India's dismal position, it is a useful if dismal reminder of how far we have yet to go.

Stable markets



The remarkable stability of stockmarkets through the country's political crises over the past three months contrasts sharply with its susceptibility in the past. While Mrs. Gandhi's murder was followed by a market fall of 2 per cent, Rajiv Gandhi's killing caused the market to sag by less than 0.5 per cent.

Even adverse economic events, such as the lowering of credit rating on sovereign long-term debt, have had little impact of late on stockmarkets. While this steadiness is widely attributed to the buying power of public sector mutual fund money, money ought to chase performance. But the forecasts for corporate performance suggest a flat 1991 with a credit shortage squeezing aggregate demand and foreign exchange shortages crunching capital imports. Even restructuring under IMF pressure is sure to cause short term pain before it starts to benefit the economy.

Are the mutual funds, several of them cautious to a fault, putting money down a sink-hole? The answer becomes clearer when the long-term future of the economy is combined with the peculiar nature of Indian stockmarkets.

The long-term future beyond the current year is generally considered to be bright. With per capita output of almost any item considerably below even poor country norms, the current growth rate of 2 per cent in excess of population growth most inevitably fuel an increasing consumption and investment demand.

Still, stockmarkets in any country — India being no exception — respond to current and expected near-term performance rather than to predictions valid five years hence. This is where the peculiar nature of Indian stockmarkets comes into play. About 70 per cent of market capitalisation is accounted for by the 30 largest scrips, such as Tata Steel, Reliance and Hindustan Lever. The "floating stock", ie, the number of shares available at or near the current market price, is estimated at about 5 per cent of the total. This is because financial institutions and promoters hold 70 per cent and about 25 per cent is with investors tied in by their own long-term investment horizons and the problem of taxable gains. At current market capitalisation, that leaves about Rs.4,000 crore of shares available in large capital scrips. Since mutual funds are not interested in smaller shares or in the primary market — either due to liquidity or allotment problems, the Rs.2,000 crore raised by funds last year for equity investments and an equivalent amount expected this year have led to a scramble for these top quality shares.

Mutual funds view their purchases as good long-term investments, never mind the short-term. There is a danger of even long-term over-pricing coming from such thinking, along with a neglect of capital market development that can come only from the promotion of new issues. The ministry of finance, which has hitherto permitted mutual funds to raise unspecified amounts, ought to re-think the issue.

Corporate giving gains ground

In 1977 there were only three charitable trusts in Japan, today there are more than 300. An increasing number of Japanese corporations are discovering the value of philanthropy amid even greater public awareness of social responsibility. The process has accelerated since the Federation of Economic Organisations, or Keidenren, organised the One Percent Club a year ago. What started as an association of executives willing to set aside 1 per cent of their pre-tax incomes for charitable purposes, has been embraced by an unexpectedly large number of corporations.

"About 100 companies have signed up," says Natsuaki Fusaok, managing director of Keidanren. "That's amazing for a country without any particular tradition of philanthropy." Worldwide too, corporate giving has been gaining ground. Yet, there could be another reason — tax breaks of 10 per cent in the US and 2 per cent in Japan.

Closer home, we have tax deductions at source and, under Section 43 of the Bombay Municipal Corporation's (BMC) Act, exemption from payment of general taxes such as water and other municipal taxes if you are a trustee.



Free trips?

Conte Nast Traveller, a well known travel magazine rated American Express Cards number one for speed and efficiency in refund services, in a survey that included other companies such as Thomas Cook and Citicorp. The rating was decided after the company bought and lost the cheques of all three organisations and then filed for refund in six cities of the world.

This year American Express will be completing 100 years of service and to celebrate this event the company is offering a grand destination extravaganza — a contest in which you can win up to eight trips abroad. The contest extends over a year starting this May. From the entries received during every three-month period, eight winners will be selected. For the whole year as many as 32 winners will be selected.

All you have to do every time you travel abroad, (now here's the fine print) fly any of the five airlines — KLM, Singapore Airlines, British Airways, Lufthansa — participating in the contest and buy only American Express Travellers cheques.

Banning the *toons*



Comic books, a part of almost everyone's childhood, are now considered a bad influence. The Publishing Ethics Council, recently set forth voluntary regulations on their sale to minors. The Council recommended that publishers place a special mark on the front cover and spine of any comic book that could be considered as unsuitable for young peop It also asked retailers to b the sale of these books to minors. Meanwhile accord to a survey done by the Research Institute of Publications, 474.2 million comic books were sold in 1989, and sales exceeded billion yen.

Safer by air

There are 0.6 deaths per billion miles of air travel and 24 deaths per billion miles of travel by road, which means that you are 40 times more likely to die in a car crash than in a plane crash. But a recent study by researchers at the General Motors Research Laboratories points out that, while every airline passenger has about the same statistical likelihood of dying in an air crash, the safety of drivers is heavily influenced by age, alcohol use, safety belt use, the car's size and weight, and the roadway system.

For example, an 18-year old driver has a death risk that is more than five times the average risk. A 40-year old driver, in contrast, is only about half as likely to die in a car crash.

According to the study, i you take all these factors i account, you get the follow results:

- An 18-year old, who does not wear a seat belt, drives car that is 700 pounds ligh than the average, and is intoxicated is substantially more likely to be killed on t way to an airport than on t flight (even if the drive to t airport is only one mile).
- On the other hand, a driv who is 40 wears a seat belt, drives a car that is 700 pounds heavier than the average, and is not drinkin is "slightly less likely to be killed in 600 miles of rural interstate driving than in regularly scheduled airline trips of the same length." T researchers add that "for 3 mile trips, the driving risk i about half that for flying."

Accounting for the environment

Current national accounting systems do not capture the value of natural resources adequately. Therefore, development strategies that rely on standard income accounting techniques may not result in sustainable development, say Ernst Lutz and Mohan Munasinghe of the World Bank's enviromental policy and research division.

Some of the effects of land degradation, pollution, and waste disposal cannot be captured by market based information and standard accounting techniques. Thus, the challenge is to capture these effects statistically and to link them to economic activities.

Net domestic product and net income should therefore be environmentally adjusted to account for the depreciation of both man-made and natural capital and estimate damages to the environment as a result of economic activities.

For this, the World Bank has encouraged the inclusion of environmental issues in the current revision of the framework used by the United Nations and proposed as an interim measure that a set of environmental "satellite" accounts be created to accompany the UN framework. The bank in collaboration with the United Nations Statistical Office (UNSO), is carrying out a research in two developing countries — Mexico and Papua — New Guinea.

The UNSO Framework being used in these studies is a system for environmentally adjusted economic accounts, from which the environmentally adjusted net domestic product and environmentally adjusted net income are derived. It tries to integrate environmental data with existing national accounts information, while maintaining the concepts and principles of the UN System of National Accounts as far as possible.

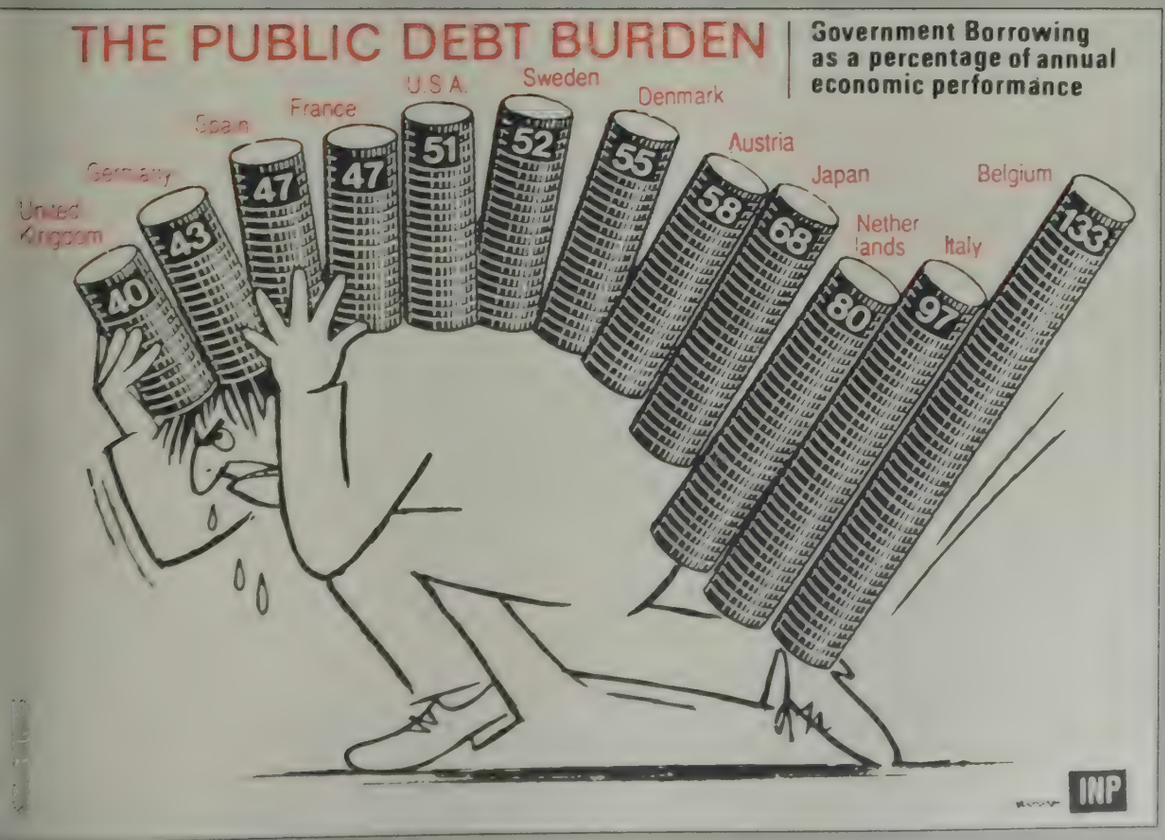


Economist's new type face

From this week onwards *The Economist* will appear in its own type face called Ecotype. It could never have been designed but for a revolution that has shaken up one of the world's oldest industries.

Ten years ago Eiichi Kono, a Japanese designer based in London spent 18 months redrawing the face of the type used in the *Underground* a Japanese publication. Every letter had to be drawn, photographed, reduced, revised and photographed again. Kono reckons that today the same job would take only three months.

Six years ago, *The Economist* thought of introducing a typeface called Excelsior Insertio into the paper. It would have cost $110,000 to produce the appropriate bit-maps for the typesetter used formerly. Because of PostScript, nine fonts of an entirely new typeface, Ecotype, were produced at roughly half the cost.



Cleaning up the streets

S.K. Ahire Marg in Worli which houses a host of companies also houses unauthorised hutments, insanitary and unhygenic footpaths and traffic congestion.

To clear up the congestion Glaxo initiated a Quality Streets Circle. As many as thirty companies participated including Ingersoll Rand, Kwality Frozen Foods, Ceat Tyres, Shipping Corporation and State Bank of India.

After several meetings with the BMC head office officials, G-south ward officials and Traffic Police representatives, the Circle was finally recognised and registered as an association to "Save Worli" in November 1990.

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Taj in Kerala

Kerala might be one of the country's smallest states, but the Taj group has decided that it is going to put up as many as nine hotels and resorts there in the next few years, apart from the one it already runs at Cochin. A new company called Taj Kerala Tourist Corporation has already been formed for the purpose.



Taj Hotels: widening its horizons

Taj, through Indian Hotels Co, will have a 40 per cent stake in the Rs.4-crore equity and the Kerala Tourism Development Corporation 20 per cent. The rest will be sold to the public early next year. Land for the first four projects at Kumarkonam, Varkala, Ernakulam and Tiruvananthapuram have already been transferred to the new company. Structures which can be turned into hotels and resorts already exist on these properties and nearly Rs.18 crore is to be spent on their renovation in the coming months. The first of the hotels will become operational in July 1992.

Cartel in action

Every Friday, the cement cartel in Tamil Nadu meets under the leadership of the managing director of a leading cement producer in the south. Marketing managers from cement companies in the state discuss prices and sales on a weekly basis. A knowledgeable source credits this person as "the one man who is solely responsible for the increase in cement prices".

Eighteen months ago, cement prices languished at Rs.65 a bag, with very few buyers. But today it is priced at Rs.106 per bag, because manufacturers have held up production to hike prices. Earlier Tamil Nadu was flooded with cement from Andhra Pradesh, but the Tamil Nadu cartel has warned them of retaliation in similar terms. "Prices will boom till 1995," says a source.

Northward ho!

Goodlass Nerolac (GN) is yet another company that is looking northwards. It is putting up a new plant at Kanpur with a capacity of 800,000 litres a year. (Its existing plant at Parel in Bombay has a capacity of 700,000 litres a year.) This follows Asian Paints setting up a new plant just outside Delhi at Noida. The plant at Kanpur is supposed to meet the growing demand in UP and other northern states. And one reason for selecting Kanpur is to avoid the 4 per cent tax which the UP government imposes on paints manufactured outside the state.

The battle hots up

The battle for Cement Corporation of Gujarat Ltd, is hotting up. The company, promoted by N.M. Mehta and the Gujarat Industrial Finance Corporation, had turned sick because of cost overruns. It is before BIFR and bidders are lining up, among whom are L&T, Gujarat Ambuja and Mehta himself.

NRIs who also run Saurashtra Cements and Chemicals Ltd, the Mehtas have just taken over Assam Frontier Ltd, in an offshore deal.

Sweet overture

Lotus Chocolate Co Ltd, Rs.8-crore speciality chocolate manufacturing company, is establishing its unit at Daulatabad, near Hyderabad. The company will be professionally managed by N. Vijayaraghavan — a post graduate from IIT, Madras and T. Sarda, a renowned film artist. The board of directors include Anne Cridland — reputed food technologist and chocolateur, George Varghese — an agronomy specialist from Malaysia and C.P. Krishnan Nair of the Leela group of Hotels.

Lotus is likely to start production by the end of this year. Moreover, it is to be an export-oriented company with 50 per cent of its revenue coming from export of cocoa derivatives and bulk chocolate converters. For this they have a tie-up with Cocoa Specialities, Malaysia. Besides, the company is also involved in growing cocoa in Andhra Pradesh with technical collaboration from Plantek Sdn Bhd of Malaysia, an international tropical agroconsultancy group.

Recording firsts

Canara Bank, which has risen to the *numero uno* position among the nationalised banks, has quite a few other 'firsts' in its bag. It is planning to set up a travel services subsidiary and an asset management company to manage the affairs of its mutual fund. Besides, it also has on cards, an artisans' complex in Bangalore district to provide integrated services to rural artisans under one roof, an exclusive training institute at Pondicherry for developing rural leadership and another one at Kolar to promote rural industries and self-employment among rural youth. Moreover, to record all these events, Canara has employed M.V. Kamath — the former editor of *The Illustrated Weekly of India.*

A departure from the past

The Western region will, this time, contend for the position of the vice-president of FICCI who traditionally becomes its next president. The two likely candidates are A.S. Kasliwal of S. Kumar and Kanti Kumar Podar, former president of the Indian Cotton Mills Federation Ltd. And the likely winner is Kasliwal, whose daughter is married to a Birla.

V.L. Dutt, president of KCP Ltd will be the FICCI president and Kasliwal (if he turns out to be the winner), the vice-president. Considering that earlier the FICCI has had some really high profile office bearers, will this be a departure from the past?

New field unknown

Kinetic Engineering is planning to get into the manfuacture of consumer durables as well. Firodia, however, is tight-lipped about the products and the foreign collaborator. It is also unclear whether the new line of activity is to be through a new company or will get underway in the same premises.

SIEMENS

Limping back to normalcy

Nearly a year after labour problems began at Siemens, (see *Business India*, 1 October 1990) a solution seems in sight. Intra-union rivalry had culminated in the partial lockout of the company's units at Kalwa on 5 January this year. Now with the high court calling for fresh elections the attendant lockout is expected to be lifted.

The trouble began last year when the elections were announced for 22 April. But one faction led by president S.A. Sawant, boycotted them. The reason: they considered them unconstitutional as neither Sawant nor the general body was consulted on the date by U.S. Mahale, the general secretary, and leader of the other faction. Thereafter, Sawant set a new date — 28 May.

To curb indiscipline. Both elections were held. But then, each faction challenged the validity of the election conducted by the other, in the high court. Since 1,634 out of the 2,381 workers present had voted for Mahale in the April elections, and the management was interacting with him, the Sawant faction began agitating in June. So, says S.S. Muzumdar, vice-president personnel, "To curb indiscipline and ensure productivity, we declared a partial lockout." 534 workers were affected.

According to Muzumdar, "There is no management involvement in union matters." But the two factions feel otherwise. Sawant feels Mahale is being supported by the management, as he would be more flexible while negotiating the wage settlement due in September. Ironically, Mahale feels the management instigated Sawant to boycott the elections so that in the ensuing confusion, they can scuttle one major issue the Mahale group has been fighting for — that even managers must be pushed to increase productivity.

Arguments apart, production did suffer. Between October and December last year the production losses totalled 40-50 per cent. But since the lockout, after temporary staff joined, production improved.

Following the appeal from the registrar of unions, the election date has been extended by four weeks from the stipulated 15 May. Fresh elections might now restore normalcy at Siemens.

■ INDIRA KHANNA

APPLE INDUSTRIES

The *Apple* is gone

The two-year long court battle for the use of the name 'Apple' and the logo between the Bombay-based Apple Industries and the US-based $4-billion computer giant Apple Computer Inc has gone in favour of the latter (See *Business India*, 14 May 1990). In a judgement passed on 10 May this year, the Delhi high court judge, Justice Mahendra Narain upheld the plea of the US-based company and restrained Apple Leasing & Industries from using the name as well as the logo of a half-bitten apple in the course of trade.

This judgement is being seen as a historic one, only if it has direct implications on cases of 'passing off' and where goodwill of a company not operating in a country are concerned. According to the judgement, goodwill for any company can exist across geographical boundaries whether or not it carries on business within those boundaries.

Still *sub judice*. However Apple Industries has appealed to a full bench of the Delhi high court and Atul Nishar, the managing director of the company, is ready to take the battle up to the Supreme Court if necessary. "I don't expect the court judgement to have any impact on the performance of the group companies," he says.

The contention of the US company has been that Apple Leasing & Industries has tried to pass itself as a subsidiary of the US company. The US company issued a notice to Apple Industries asking it to desist from using 'Apple' as part of its corporate name, back in 1986. However, after that, things got complicated because the Indian company kept changing its name — first from Apple Leasing & Computers to Apple Leasing & Industries in 1986 and then to Apple Industries in 1989.

The US company's plea was for ... junction on the use of the name as a ... goodwill had been generated for it ... Indian market. Its business had incr... from Rs.15 lakh in 1986 to Rs.11.2 cr... 1989. Moreover it had been advert... regularly.

The defence. Apple Industries cla... Apple Computer Inc did not have a ... tectable goodwill' since it was not op... ing directly in India. It did no a... trading in the country and further, its ... year delay between sending a 'cease ... desist' legal notice and filing a suit ... fatal. However Justice Narain was o... opinion that enough goodwill existe... the US company since its machines ... been sold here. Also, the fact that the ... pany has not been incorporated in Ind... its trademark and logo not registered ... though applied for) were not enough ... sons to allow Apple Industries to use ... name 'Apple'.

■ RAHUL SHA...

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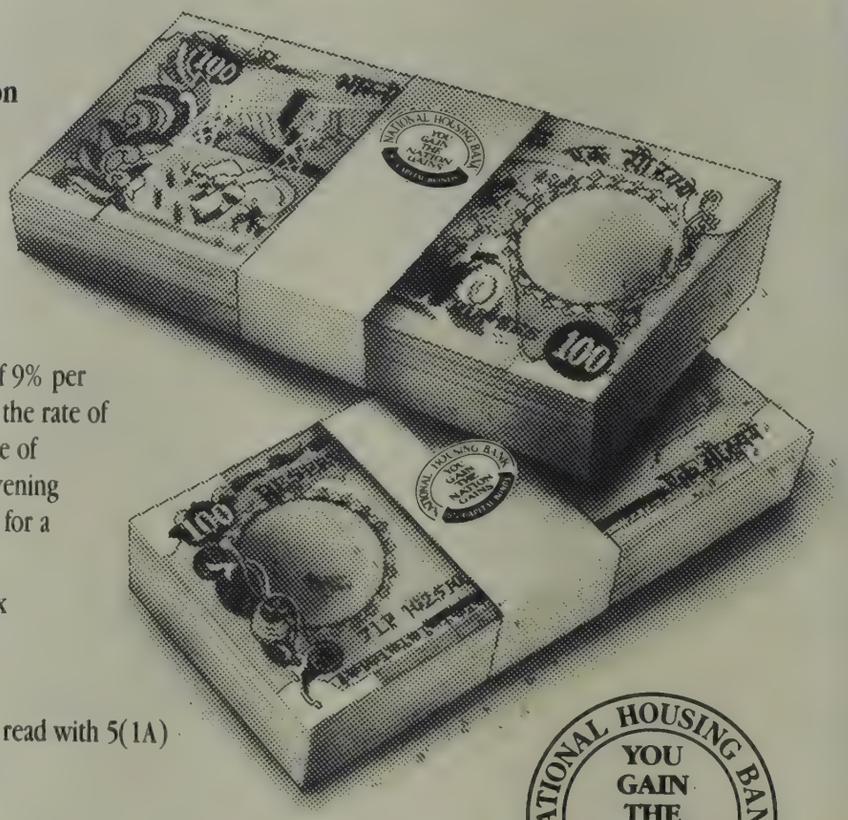
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CONOMY

ise in IDBI anctions

nctions and disbursements of e Industrial Development nk of India (IDBI) have re-rded an increase of 20 and 27 r cent respectively, for the ar ended March 1991. In ms of money, IDBI has sanc-ned Rs.6,907 crore and dis-rsed Rs.4,462 crore which is pected to catalyse investment over Rs.16,000 crore in the untry with employment po-tial for over 400,000 people.

oreign companies to ake VCRs

reign companies and joint ntures will henceforth be al-wed to manufacture VCRs, Ps, compact disc players and mpact discs provided they utralise the outflow of foreign change. This decision was ken for the first time by the ecial investment approval ard to liberalise foreign in-stment in the electronics sec-r. The board, however, jected the DoE proposal to in-ease the capacity of indige-us assembling units pending on CKD imports as is would lead to an outflow of reign exchange. Currently, oE is working on providing ncessions to foreign com-nies to make investments at-ctive in India.

apan to extend aid

pan has agreed to lend Rs.300 ore to India, following a re-est made for special assis-nce to cope with the termath of the Gulf crisis. The an will be extended by the verseas Economic Co-eration Fund of Japan and a repayment period of 25 ars with an interest rate of 2.6 r cent per annum.

aising coking coal utput

e committee of secretaries s recommended stoppage of king coal imports for the current financial year in view of the foreign exchange crunch. Instead it has advised the department of coal to meet the entire demand of the steel industry for coking coal from domestic sources. In fact, the coal department is already working on plans for raising the production of coking coal from the current 9.6 million tonnes to 15 million tonnes by 1991-92.

Funds likely from Aid India group

India is likely to get some assistance from the donor countries of the Aid India consortium by the third week of June, as apparently both the IMF and the World Bank have urged the release of these loans in advance of the scheduled date. Though the loan is not expected to be of much help in tiding over the present foreign exchange crisis, it is felt that it will at least ensure that the government does not default on the repayment till the stand-by arrangement of $2.5 billion from the IMF and $500 million loan from the World Bank is sanctioned by the end of September.

SBI ships out gold

The State Bank of India has shipped out 10 tonnes of confiscated gold to raise foreign exchange for the country's immediate requirements. If sold immediately, the gold will fetch between around $114.13 million (Rs.230 crore). The finance ministry had earlier denied any government plans to sell or swap gold to raise foreign exchange. Sources say that the SBI is planning to ship out another six tonnes by the end of next week.

India's low ranking

The United Nations Development Programme's Human Development Report for 1991 says that India ranks 123rd among 160 countries in terms of its human development index (HDI). At a ranking of 120, Pakistan is better placed than India. The report, the second of its kind, uses the HDI as a single measure combining indicators like life expectancy, adult literacy and basic purchasing power of various countries. The report asserts that the lack of political will and commitment, not of financial resources, is often the real cause of human neglect.

CORPORATE

Suzuki's new model

Maruti Udyog Ltd will be the sole supplier of the new car model being developed by Suzuki for export to the EEC countries. The car will be fitted with Indian components up to 80 to 90 per cent.



The project was expected to be cleared by the Public Investment Board by end April. Having already been delayed by the current political uncertainty, a decision might come only after the new government takes over.

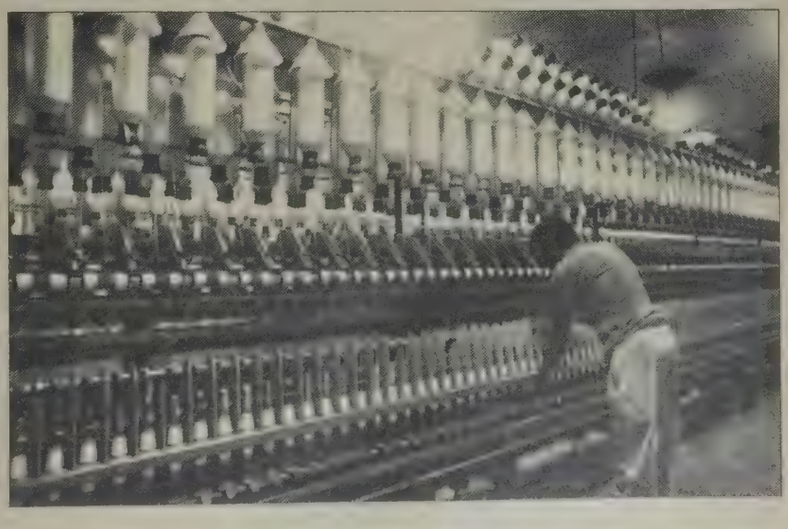
Export of the 800cc car model to the EEC countries will come to a halt by end 1992 because these countries are insisting on new emission standards which cannot be incorporated in this model.

HDFC's mutual funds

HDFC plans to set up two real estate mutual funds, proposals for which have been placed before the ministry of finance. The two funds, one offshore and the other domestic are expected to be set up in collaboration with a large public sector bank. A target of $100 million is planned for the offshore and Rs.100 crore for the domestic fund.

Arvind Mills to diversify

Arvind Mills Ltd has signed an MoU with the Gujarat Industrial Investment Corporation



(GIIC) for a Rs.520 crore newsprint/printing/writing paper project. The company is expected to invest around Rs.60 crore in the equity of the new project which is to be set up in south Gujarat.

UB proposal rejected

The government has rejected a proposal by the UB group to set up a beer plant in Andhra Pradesh. It was proposed to manufacture 250,000 litres a year at an estimated cost of Rs. 10.06 crore.



Although the Bangalore-based group had applied for permission early last year, the proposal was rejected because it did not incorporate any export obligation, as per government regulations.

SICOM's new project

State Industrial and Investment Corporation of Maharashtra has signed an MoU with Amclyde Engineered Products Inc, an American engineering company for the manufacture of sugarcane processing equipment that uses a unique technology, the separator method.

The project estimated to cost Rs.5 crore has a debt-equity ratio of 1:1. Amclyde will hold a 40 per cent equity stake while the remaining 60 per cent will be held by three financiers — SICOM, ILFS (Infrastructure Leasing and Financial Services Ltd) Venture Corporation (which has been instrumental in bringing the technology) and Risk and Capital Technology Corporation (RCTC, a venture capital company of IFC, Washington). The project is in various stages of clearances.

Reliance to start merchant banking

Reliance Capital and Finance Trust Ltd, has been authorised by the Securities and Exchange Board of India (SEBI) to conduct merchant banking activities as a category I merchant banker.



IPCL to set up subsidiary

IPCL is setting up a subsidiary, IPCL Videsh Ltd. The new company will concentrate on implementing the $4.4 million training contract with Iran. IPCL has an understanding to supply training, support and research collaboration to the National Petrochemical Co of Iran. The subsidiary also plans to export products worth $400 million to the US over a seven years period.

NTPC bags Dubai contract

NTPC has signed a $17.7 million contract with the Dubai Electric Company to lay down high voltage power transmission lines in Dubai. NTPC bagged this contract amid stiff international competition. Accordingly, NTPC will supply and erect 400 kv cables over a 47 km stretch.

NTPC has also signed an MoU with Electricite De France Internationale (EDF), Paris for technical collaboration ventures both within and outside India.

L&T to make steam generators

Larsen & Toubro has bagged a Rs.41-crore order to manufacture steam generators for NTPC. This value excludes the free issue of materials of about the same value. The generators will be used in the country's first set of 500 MW nuclear power plants.

The four generators weighing 180 tonnes each will be manufactured at L&T's Hazira Works in Gujarat where special facilities have been established for nuclear equipment fabrication.

INDUSTRY

Jute output down

During April 1991, goods duced by the jute amounted to 97,900 to This was 9,200 tonnes than the figure for April even though the numb working days were fewe that month.

Included in the jute cat were hessian and sacking, duction of which was low 2,000 and 3,000 tonnes re tively. The output in March at 103,000 tonnes was higher than that in April Stock of jute goods in 1991 was 60,700 tonnes, tonnes more than that in M 1991.

Chemical exports f

Export of chemical and a products for 1990-91 has fa short of the target of Rs.2 crore set for the year, by Rs. crore. This decline covers the mineral and non-min sectors, but it is more so in minerals (including gran sector. The minerals sector ported only Rs.1,788.3 c worth of items as against target of Rs.2,000 crore. Exp of non-mineral items stood Rs.641.6 crore as against target of Rs.700 crore.

Export orders soar

Indian exporters have secu 95 contracts, worth over Rs. crore during 1990-91 growth of 109 per cent over previous year.

The contracts covered countries and included sup contracts worth Rs.89 crore consultancy contracts wo Rs.27 crore. Turnkey expo grew by 144 per cent over previous year and were valu at Rs.610 crore. Construct projects at Rs.170 crore grew 94 per cent over 1989-90.

Possible shortage of caprolactam

A shortfall of 35,000 tonnes caprolactam is anticipated

To the average person, she is losing her sight.



Photograph: Courtesy - Dinodia Picture Agency

To a Lion, she could still see the world again.

So many young people like her are victims glaucoma.

Blindness that can be prevented if treated y.

And every year millions of others, both ng and old, fall prey to eye disorders, luding cataract, that often result in dness.

In their fight against blindness the Lions e been conducting country-wide eye-care ps.

Providing free check-ups and medical relief he underprivileged. And averaging 2 lakh ract surgeries per year, in the past.

Lions has now launched a nation-wide gramme. 'Sight-First—Lions Conquering dness', in July 1990.

Setting a phenomenal target of 20 lakh geries per year, within the next 5 years.

A task that requires selfless devotion and above that the perseverance and commitment to reach the goal.

But not all understand this.

That's why it has always taken a special kind of person to be a Lion.

Special men and women who share a common concern. A concern for the society in which they have succeeded.

Who realize that beyond the achievements of everyday life is that most elusive object: inner satisfaction.

And who have come together to touch the lives of others less fortunate than themselves.

Needless to say, people like these aren't many.

After all, if everyone in the world had the vision of a Lion, there wouldn't be an average person.

Millions of people make up this world.
But just a few shape it.

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*** Actual size 4 mm dia x 7 mm length** . * FOR THE FIRST TIME IN INDIA.

Punsumi

THE LEADING EDGE IN CAPACITOR TECHNOLOGY.

everest/d91/PIL/51

91-92. Caprolactam is used in e manufacture of NMP, nylon ament yarn (NFY) and nylon re cord (NTC). Production of ese items is expected to be out 93,000 tonnes for 91-92 — 20,000 tonnes more an the previous year. This will present a 10 per cent growth er the best production figures ring the last three years. The tal requirement for caprolac- m in 1991-92 is estimated at er 100,000 tonnes.

omputer industry rowth falls

ne growth rate of the com- uter industry fell to 22 per cent 1990-91 as against 44 per nt in the previous year, ac- rding to a preliminary study one by the Manufacturers' As- ciation for Information Tech- ology (MAIT). This is



tributed to the political and onomic uncertainty.

Industry revenues were .2,000 crore, 74 per cent of it ing contributed by hardware. ne micro segment grossed ound Rs.540 crore. The work- ation market grew 126 per nt. The computer industry rmed 12 per cent of the entire ectronics industry in 1990-91.

il meals export own

e export of oil meals has llen to Rs.623 crore for the riod April 1990 to February 91, from Rs.693 crore for the rresponding period in the evious year. In volume terms, ports have fallen from 2.63 to 16 million tonnes.

The decline is mainly due to slackening of import by South East Asia and the Far East, as a result of good crops there. Another reason is the 25 per cent fall in the export of rapeseed extractions — from 650,000 tonnes worth Rs.81 crore for the 11-month period ended February 1990 to 480,000 tonnes worth Rs.66 crore during the same period in the current year.

Gur export quota raised

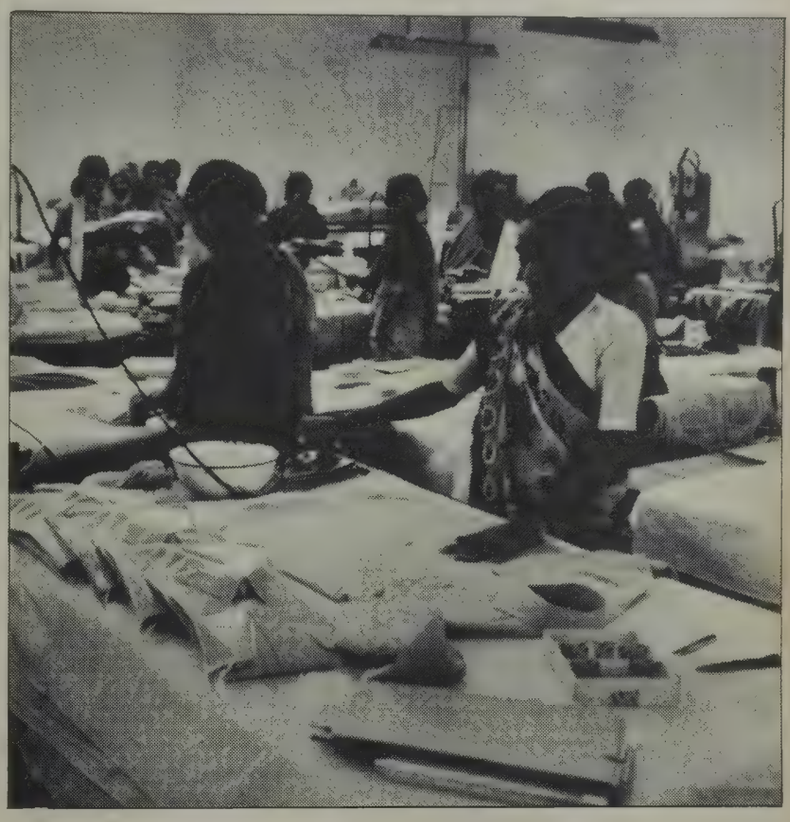
A new quota of 5,000 tonnes of *gur* has been released for export during the current season (October-September) by the government, bringing the total export quota to 10,000 tonnes for the season.

The country is expected to produce 235 million tonnes of sugarcane during the current season, as against 222.63 million tonnes last season. Even after a 50 per cent offtake by the sugar industry, there are still sizeable supplies of cane for the *gur* and *khandsari* industries.

Garment export rises

During the first four months of 1991, garment export went up by 16.85 per cent over the same period last year. The exports were worth Rs.1,872 crore against a target of Rs.5,800 crore for the full calendar year. The quantity of exports, at 2,571 pieces has also risen by 9.64 per cent over last year.

Shipments to the US have, however, shown a decline in value of 3.17 per cent, at Rs.404 crore, and in terms of quantity of 0.96 per cent at 4.14 million pieces. Exports to the EEC saw a 27.51 per cent increase at Rs.913 crore, and a 7.33 per cent increase in quantity (121.6 million pieces).



Dyes export to fall short

A shortfall of about Rs.250 crore is expected in the export of dyes and dye intermediates on a target of Rs.800 crore for 1990-91. This is for the second year in succession that the target has not been met.

The shortfall is attributed mainly to the 20-25 per cent increase in prices of petrochemicals-based raw materials after the Gulf War, and to high energy costs, sales tax and octroi duty, as also the 200 per cent margins recently imposed on letters of credit.

DIARY

EVENT/VENUE/DATE	ORGANISER
One day seminar on CAD/ CAM solution through Autodesk at Taj Mahal Hotel, Bombay on 25 June	Tata Unisys Ltd Manish Commercial Centre, 216-A, Dr. Annie Besant Road, Worli, Bombay 400 025 Tel: 4933560
Seminar on Restructuring Organisation at the Centre's campus from 8 to 13 July	Centre for Organisation Development Madhavpur, Jubilee Hills Banjara Hills P.O. Hyderabad 500 034 Tel: 238889
Seminar on The New Manager: his role and skills at Hotel Taj Mahal, Bombay on 1, 2 July	The Aptitude and Potential Symbiosis 501, Jolly Bhavan II, New Marine Lines Bombay 400 020 Tel: 2624734

LABOUR

Insurance for staff on poll duty

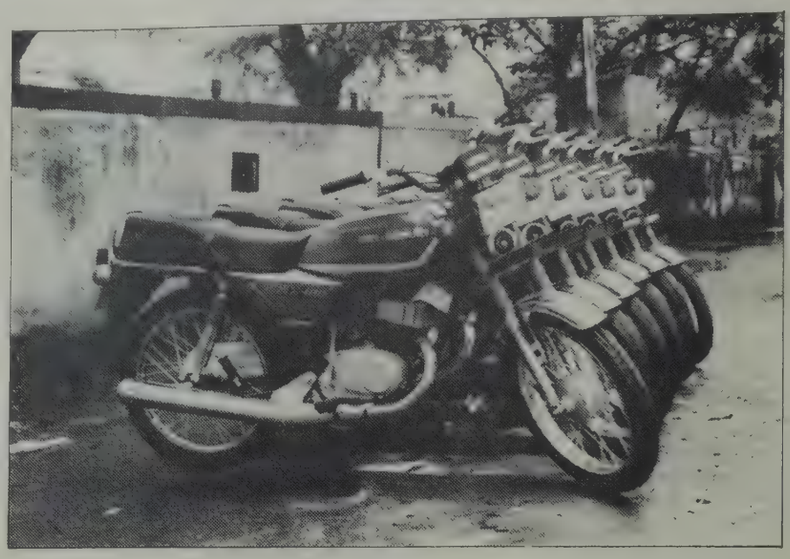
For the first time, the Election Commission has taken an insurance cover of Rs.47.35 lakh for 4 million government employees on poll duty, anticipating an outbreak of violence during elections.

Gujarat strike

About 1.5 million class II and III non-secretariat employees of the Gujarat government threatened to go on mass casual leave on 21 May and thereafter go on strike in support of their pending demands.

TVS labour row sorted

In an important verdict, the Labour Commission has upheld that the INTUC-led TVS Employees Union at the Hosur factory of TVS Suzuki is a recognised union. With this ends the dispute between the management and the DMK-led union which has been contending for recognition.



The INTUC union has been recognised for over a decade now and the management has been negotiating with it on all matters. But a section of the workers thought otherwise and have been troubling the management and the union. In this battle of recognition, INTUC was decisively against the DMK union. The INTUC union enjoys the support of 1,147 while the DMK failed to prove its claim.

Lock-out at GKW

Guest Keen Williams Ltd (GK declared a lock-out at the C cutta wing of its Sankey Pre ing Division (SPD) on 26 M This will affect about 1,200 e ployees. The division manuf tures fans, motors a generators, stamping and me laminators. Though quality l remained among the best, products have been facing shrinking market and the co pany was forced to operate less than 50 per cent capac The management had earlier fered a voluntary separati scheme (VRS) which promis to pay 65 per cent of the la drawn salary and allowance the next five years to all (condition they agree that th provident fund and gratuity paid in two or three inst ments). The management wa to cut down the work force by per cent, about 130 worke have accepted the scheme.

LANDMARKS

Awarded, to Wing Commander Avinash Chander Sood, managing director of Hindustan Aeronautics Ltd's MiG complex at Ojhar in Nashik, the "Friendship of the People Award" by Soviet president Mikhail Gorbachev in Moscow for his outstanding services in the development of scientific and technical relations between the USSR and India. This was the first time that the award was conferred on a technocrat in the aerospace industry.

Awarded, PR man of the decade award to M.P Narayanan, chairman of Coal India Ltd, by deputy chairman of the planning commission, Mohan Dharia and justice Yogeshwar Dayal. Narayanan, who is also credited for having spurred the growth of the sluggish Neyveli Lignite Corporation as CMD, has recently turned Coal India around.

Ordered, India Abroad News Service (IANS), to pay up to Rs.80,000 and legal costs to non-resident Indian Ajitabh Bachchan, for reproducing an article linking him with the Bofors scandal. The news service had reproduced an article from *Dagens Nyheter*, the Swedish newspaper, in January and February last year, alleging that Bachchan had a Swiss bank account containing money from kick-backs in the Bofors deal. Earlier, Bachchan had denied the allegation and sued the newspaper for defamation in the English High Court.

Named, V.N. Mallikarujuna Rao, one of the key contributors in the development of chloroflourocarbon (CFC) alternatives and processes as DuPont Fellow. He is the fourth DuPont Chemicals employee to receive the appointment, the highest level of professional recognition in the company. His leadership in developing CFC alternatives has resulted in a more rapid commercialisation of these products and established the basis for further catalytic process research.

Died, former union minister and sitting Rajya Sabha MP, Dinesh Goswami, in a highway car accident at Pharamtul, near Guwahati on 2 June. Born on 27 May 1935 in Assam, he made a successful career as a lawyer before he became involved in politics. A well-known orator, Goswami was elected to the Lok Sabha for the first time in 1971 as a Congress candidate. He was also a prolific writer.

Died, Shashank Lalchand, son of Lalchand Hirachand of the Walchand group of industries, due to sudden illness. Shashank, whose involvement in the family business was limited to being board member of two group companies, was on a concert tour in South Africa with singer Lata Mangeshkar where he fell ill. Unlike his brothers, Vinod Doshi, chairman of PAL, and Chakor Doshi, chairman of Walchandnagar Industries, Shashank's interests lay in music, and sound engineering.

Died, Firdauz H.J. Taleyarkhan, Bombay High Court and Supreme Court advocate and son of former Sikkim governor, Homi Taleyarkhan, while on an mountaineering expedition in the Garhwal Himalayas. Firdauz, who was secretary of the Bombay Bar Association for three years, appeared in a number of important cases before the High Court, the most recent one being the development control rules for Greater Bombay.

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V. KANNAN

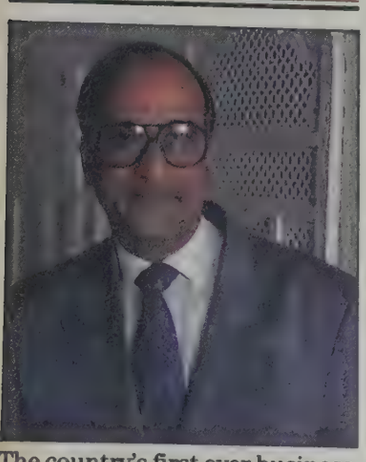
Thermax Babcock & Wilcox Ltd (TBW), set up just two years ago, has made its debut in the export market. It has bagged a



Rs.7-crore order from a Saudi Arabian company for setting up a 100 tonnes-per-hour boiler at Al-Jubail. The fledgling company has also bagged another order (worth Rs. 6.5 crore) from Phoenix Pulp & Paper, a Thapar group company in Thailand.

Heading TBW is Venkataraman Kannan, with an experience of 24 years in the field of boilers, of which 11 were at Babcock & Wilcox, US. "Manpower is our greatest strength," says Kannan. "TBW's excellent team is all set to crack the best export markets in the world."

K.R.V.SUBRAHMANIAN



The country's first ever business delegation is just back after obtaining first hand information about business possibilities with firms located in the eastern part of Germany. "There was a lot of confusion over here about what was going on in that part of the world. But the results of our fact-finding mission make us optimistic," says K.R.V.Subrahmanian, leader of the nine-member delegation and president of the Indo-German Chamber of Commerce (IGCC), organisers of the trip.

According to the delegation's findings, there is ample scope for Indian businessmen to involve themselves in the finance, housing and hotel industries. The possibility of Indian companies taking over some of the 6,000-odd sick companies with the aid of NRI funds was also discussed.

P.D. GUNE



Pune-based Kirloskar Pneumatic Ltd (KPL) recently launched a high-tonnage packaged air-conditioner, known as the Kirloskar Carrier 50BL Packaged Air-conditioning Unit. KPL has joined hands with Carrier Corporation of the US to produce air-conditioning units in the 20 to 30 tonnes range. Currently, such units are available only up to 15 tonnes. Says P.D. Gune, managing director, KPL, "The 50BL range is the first such unit resulting from the Kirloskar-Carrier collaboration, and more such products are in the pipeline." The new product, which combines Carrier's advanced technology with KPL's versatile experience and expertise in manufacturing, was launched recently in Bombay.

NAVANITLAL SHAH



The Bombay-based Ashapura group, which is involved in the mining of bentonite and china clay, has signed a memorandum of understanding recently with the Gujarat Industrial and Investment Corporation (GIIC) for setting up a Rs.20-crore gypsum board project in Bharuch, Gujarat. Says Navanitlal Shah, chairman of the group, "This is only the beginning. We soon hope to have more such factories." The new plant will have a capacity to manufacture 3 million sq metres of gypsum board a year and expects to initially export 10 to 15 per cent of its production.

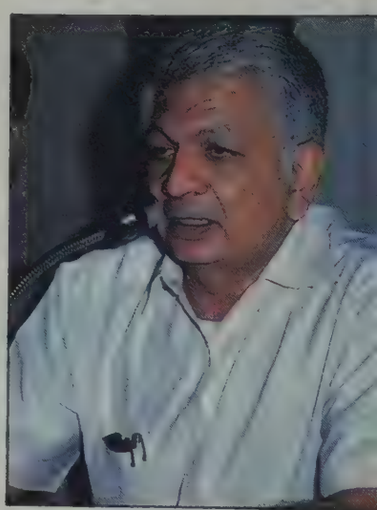
SUBODH SHAH

"Suddenly everybody is talking about preserving the green cover and saving the fast depleting forests in our country," says Pune-based industrialist Subodh Shah. For this reason, he is "confident that PVC is the material of the future." Shah is therefore promoting a new compan Rahul & Subodh Windoors Lt with an investment of Rs crore, for the manufacture PVC profiles for door and wi dow frames.



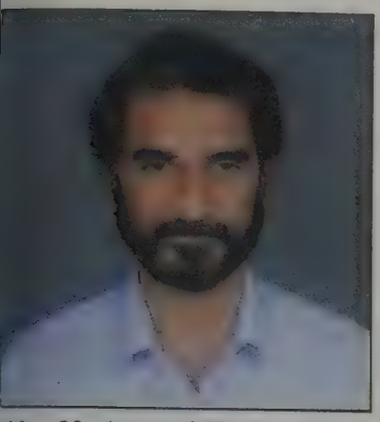
The company will initial manufacture 12,000 frames e ery year. The technical know how will be provided by Actua of Austria. The frames are ex pected to be 20 per cent cheape than wooden and aluminiu frames. Shah, who claims t have received a favourable re sponse from builders lik K.Rahejas in Bombay and Par mar Builders in Pune, projects turnover of Rs.4 crore for hi company in 1994.

B.K. BAKSHI



Despite a reduction in sales of aviation turbine fuel to the extent of 4.7 per cent, Indian Oil Corporation (IOC), has retained its market share of 67 per cent and extended its supply of Indane cooking gas to 36 million more households. The corporation, which meets 85 per cent of the demand of lubricants used by India's core industry, also developed 10 new lubricants. But these achievements notwithstanding, B.K. Bakshi, director (marketing) feels that more needs to be done. He points out that if all the existing kerosene stoves were replaced by energy-efficient Nutan stoves, 410,000 tonnes of kerosene valued at Rs. 156 crore could be saved on a recurring basis.

ALTAF PASCHA



Alsa Marine and Harvests Limited (AMHL), one of the leading exporters of value-added marine products in the country, became the first company last month to export cooked shrimps from the east coast. "We plan to convert our entire export production into value-added products in the next two years," says Altaf Pascha, chairman, AMHL. In 1990-91, AMHL achieved an export turnover of Rs.21.78 crore, of which value-added shrimps accounted for Rs.4.56 crore. The company's 80-acre aquaculture farm near Nellore in Andhra Pradesh is one of the largest operational farms in the country. It saves foreign exchange to the tune of Rs.1 crore annually.

CHRISTOPHER D'ROZARIO

Ten years after he came like a whiff of fresh breeze over the hitherto staid Indian advertising scene, Christopher D'Rozario, Trikaya Grey's creative director, is all set to leave. A foreign assignment with CRN Grey places him as head of the creative department of the Singapore-based agency. "I'll still maintain my ties with Trikaya Grey," says D'Rozario.



Considered a whiz-kid in copywriting circles D'Rozario was winner of the prestigious CAG Copywriter of the Year award in 1986 and 1988. Following his two-year stint abroad, D'Rozario hopes that the experience in handling multinational brands in a "small but competitive market" will enable him to "effectively handle the deluge of foreign brands into the Indian market, with the global market now becoming a reality."

RICHARD FREY & GOPAL SRINIVASAN



The president of Whirlpool Overseas Corporation was unfazed by the sweltering heat of Madras city recently. But then, Frey's last assignment was in Brazil where too temperatures soar high. Frey is quite impressed with his company's joint venture with the Madras-based TVS Whirlpool Limited. "This is a perfect combination," he declares. So much so that TVS Whirlpool's Pondicherry plant will be manufacturing washing machines for export to Asian and south-east Asian markets in the next 12 months. Asia being the fastest growing market for appliances, Frey anticipates a lot of potential.

TVS Whirlpool sold 10,000 washing machines between September 1990 and May 1991. "We are pleased with the consumer reaction to the product so far," says Gopal Srinivasan, managing director, TVS Whirlpool. The company manufactures automatic washing machines which, according to Srinivasan, is the fastest growing segment in this highly competitive field. "We plan to consolidate our position in this segment before we go into other white goods manufacture," says Srinivasan.

JURGEN WIEMANN

He is an old-time India watcher, having made three previous study tours to the country in 1974, 1982 and 1987. Jurgen Wiemann speaks from experience when he says, "Your country has such a huge potential. It is puzzling why she has still not been able to take off." Wiemann, a director at the Berlin-based German Development Institute, is on a three-week speaking tour of the four metros.



According to the German economist, India will necessarily have to open up to global competition but this process should be undertaken at a gradual pace. In the initial stages, feels Wiemann, the basics should be taken care of: "Your planners are ignoring large areas of taxable income like agriculture. Again, it's high time you moved from indirect taxes to direct taxes." India will have to get its act together soon if she wants to make any impact in the post-1992 European market, asserts Wiemann, especially since the liberalised former east European countries will have preferential access to the new common market.

LUIS MORON



Europe in 1992 will be a single, huge, totally integrated market with enormous potential. And India's trade with the European Community (EC), by far its largest trading partner, is steadily rising. A technical workshop on domestic electrical appliances was recently organised under the Indo-EC industrial co-operation programme in Bombay recently. Luis Moron, head of Mechanical, Electrical, Meteorology and Medical Devices, EEC Brussels, who delivered the keynote address at the function, was here to apprise Indian manufacturers of the various standards involved in exporting to the EC. "You should be looking at it (the EC) as a 400-million-people market with a very high per capita income," he said, while emphasising the need to adhere to stringent EC standards.

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Lufthansa Cargo

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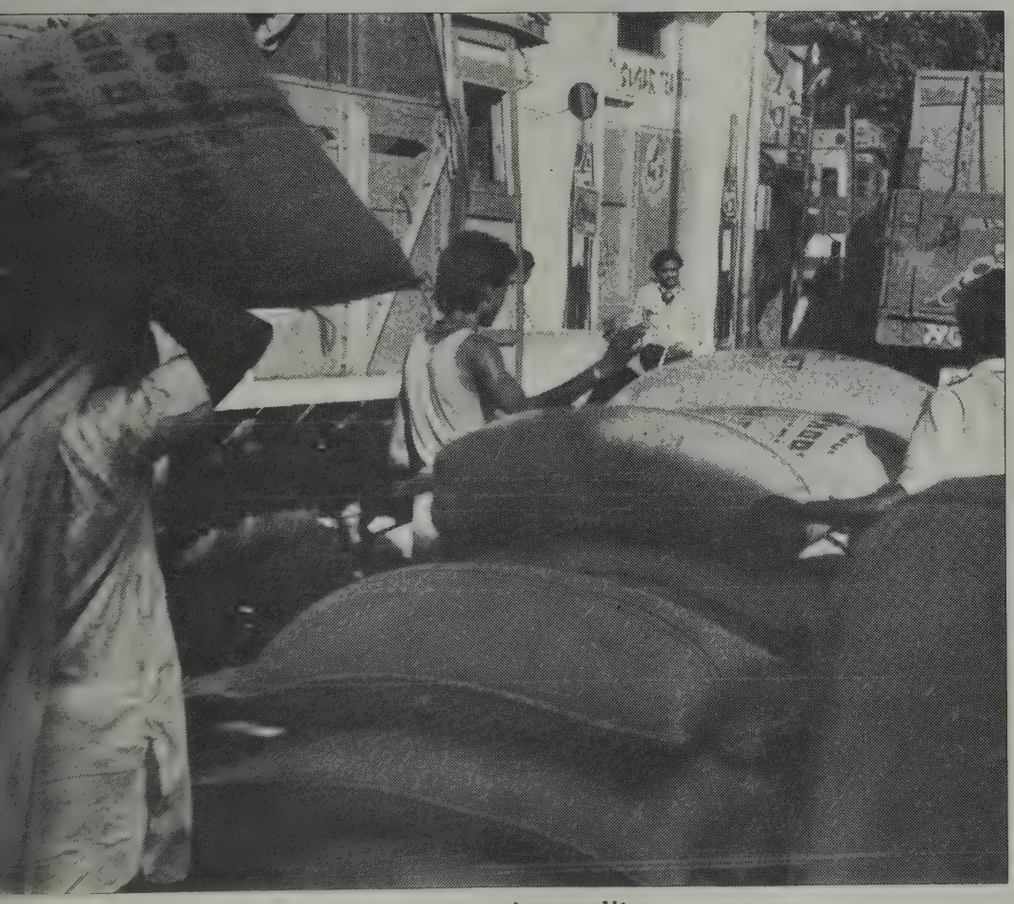
roblems of plenty

anticipated good sugarcane harvest 990-91 is giving the sugar manufac- rs a nightmare. Sugar production for year (November-October) is ex- ted to reach 11.85 million tonnes) as a result of the record cane har- of 233.45 mt. And the situation of nty has brought with it a host of blems.

rices are threatening to drop affecting ility of sugar manufacture. Bank dit is insufficient and an inconsiderate ernment is unprepared to intervene. e mismatch between costs and prices deteriorate," says an official of a ar company.

his year's production of 11.85 mt will available to the industry has not progressed at the pace production has. This follows the Reserve Bank of India's recent anti-inflationary strategy and the general resource constraint of the banking system.

Credit scarcity has severely strained the cash position of sugar manufacturers. Cane procured from farmers has not been paid for and some mills are finding it difficult to even pay wages. Last year, the Indian sugar industry held inventories (finished stocks of sugar) of 5.3 mt valued at Rs.3,800 crore. This year's healthy harvest is likely to push up inventories up to 7 mt with a value equal to Rs.5,000 crore. Restricting available credit to last year's stock has left a credit gap of Rs.1,300 crore. "Where will the industry find this quantum of funds?" asks S.L. Jain, secretary general, Indian Sugar Manufacturers' Association (ISMA).



gar being transported: production outstrips credit

850,000 tonnes higher than what was ieved last year, this leaves a surplus of ,000 tonnes after providing for the do- stic demand. If exported, this excess ar could earn the country Rs.500 crore oreign exchange.

remunerative market. That, by far, ms to be the only heartening news. , the domestic market is gradually eatening to become unremunerative. e of the main reasons: bank credit - Much of the credit requirements of the companies result from the peculiar nature of the industry. Cane processing that begins in November (the beginning of the sugar year) must be accomplished over six months. But the finished product is released into the market over 14 months. Sugar producers, therefore, need to hold the stock for three to four months. And so, the availability of credit becomes crucial because it would cover the carrying costs of stocks.

The manufacturers have now submitted a memorandum to the food and civil supplies minister Rao Birendra Singh, for an Rs.850-crore extension of the credit limit. The RBI's decision is expected soon. The sugar industry is hopeful that at least half the amount asked for will be cleared.

Liberal releases. Insufficient credit is not the only problem. Sales realisation of sugar companies has also been threatened by liberal releases of free sale quota. This quota for June is 625,000 tonnes, 65,000 tonnes more than what was released last month and 50,000 tonnes more than the quantity released during the corresponding period last year. Studies have indicated that prices decline by a similar percentage as the increase in quantities. The higher releases are expected to dampen prices substantially and this will further reduce the returns of the sugar companies.

Monthly releases of free sale sugar quotas is decided by the food and civil supplies ministry. "Their decision has no relationship to prices. The entire mechanism of release is arbitrary," says the sugar company official quoted earlier. Sugar manufacturers have been insisting on a market-related release mechanism that will ensure stability of income to the manufacturers. This involves selection of an average all India daily price that would serve as the target for market intervention operations. In case there is a fluctuation of more than 5 per cent, adjustments (by the same percentage as the price variations) should be resorted to.

Sugar manufacturers now rely heavily on free sale sugar prices to subsidise their lower realisation from levy sugar (which involves surrendering 45 per cent of their produce to the government to feed the public distribution system or PDS). For the 1990-91 season, the projected average cost of sugar production is Rs.727 per quintal in UP, Bihar and Haryana. But the average levy price in these states works out to Rs.540 per quintal, thus leaving a deficit of Rs.187 per quintal.

The entire deficit will then have to be covered by the free sale quota that will need a market price of Rs.880 per quintal (exclusive of excise, central cess, transport cost and wholesalers' and retailers' margin) for the sugar companies to break even. This computes to a retail price of over Rs.10 a kg (retail prices now rule at Rs.9.50 a kg).

■ ARIF SHARIF

REP OFFICES

Awaiting the pie in the sky

With inflation spiralling and foreign exchange reserves hitting new lows, the representative offices of most foreign banks in India are now faced with redefining the roles they have to play.

Unlike branch offices, these representative or rep offices are not licensed to carry on domestic business over here. They do not earn any local revenue, can handle only offshore business and are active in three major areas — correspondent banking, trade related activities and the capital market.

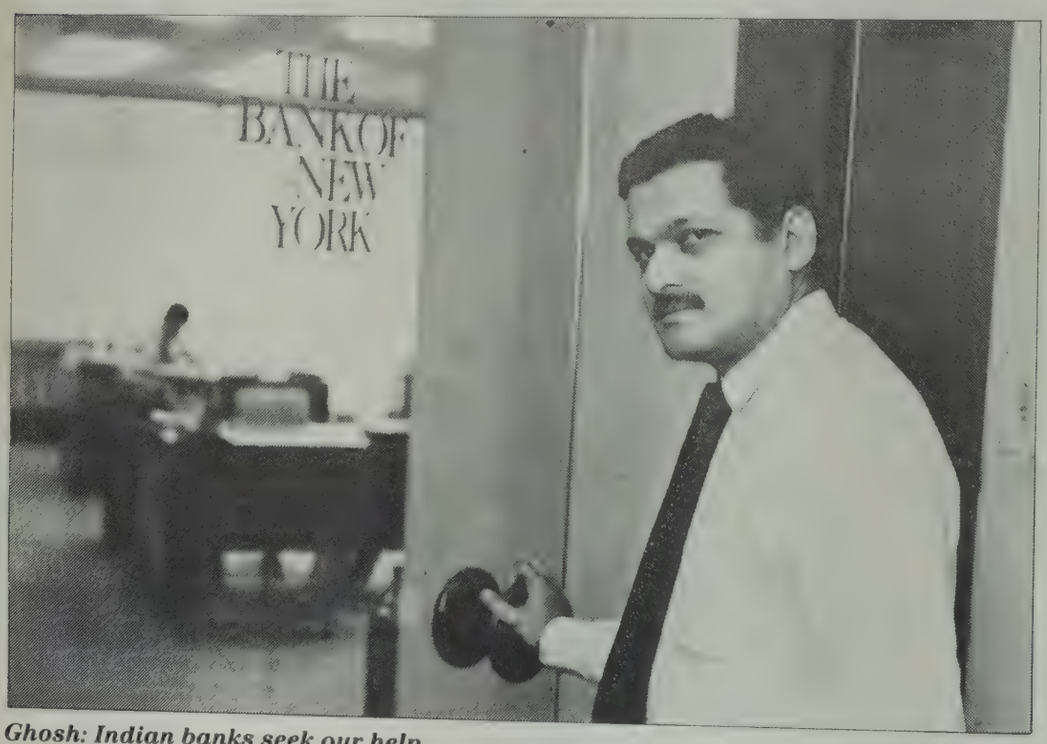
Surprisingly, the present foreign exchange crisis and the strict Reserve Bank of India (RBI) impositions have not affected the working of rep offices. "In fact, Indian banks which do not have as much foreign exchange funds as before are increasingly asking us to make payments on their behalf. This is helping us bring in additional revenue," says Bhaskar Ghosh, the Bank of New York's (BONY) representative in Bombay. One reason this is possible is because imports of essential items like fertilisers and petroleum products are still going on.

Liaison work. Consultancy activity — another major service provided by rep offices — has also not been affected to a great extent. Many rep offices act as a liaison between Indian companies and prospective foreign investors. This is not a pure banking activity but a means for the rep office to promote the trade of its home country. The representative of an Italian bank says, "Clients are still asking for project and feasibility studies and we are optimistic about the future."

However, all activity on the capital market front — the more glamorous side of the business for rep offices — has come to a virtual standstill. If the State Bank of India were to float a commercial paper tomorrow, it would attract no takers, maintain the heads of many rep offices here. "Today India has reached a stage where no one wants to take a seven year risk," says one of them. The reason: long-term transactions are the first area that prospective partners pull out of when a country seems to be heading for a default. Of course, no one wants to openly admit such forebodings, but bank representatives admit that they are looking forward to the elections, a new government and the much needed IMF loan to become a reality.

Rep offices also hope for more flexible laws to facilitate foreign investment. This, they hope, will make their role more significant. Their yearning is best summed up by a representative who says, "India has all the ingredients of making a very good pie. How well it tastes lies in the hands of the cooks."

■ MANALI RESHAMWALA



Ghosh: Indian banks seek our help

CMC-OTCEI HOOK UP

Set to take-off

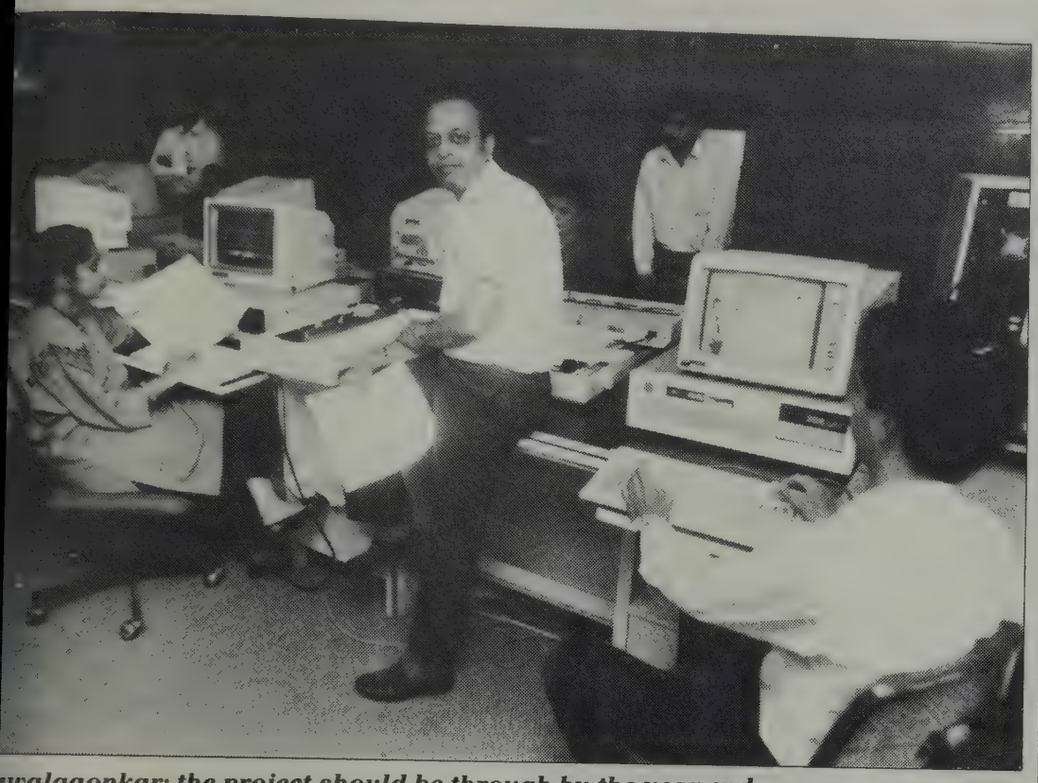
After many a hiccup, the Over The C
ter Exchange of India (OTCEI) is
tatively scheduled to start operatio
September-October this year. Intende
an exchange for the scrips of sma
companies that are not listed on the r
lar stock exchanges, the Bombay-b
OTCEI is to be a parallel exchang
with a difference. There is no trading r
all the transactions will be condu
through communication systems. In s
a context, the information network
sumes great importance.

For over a year, a number of lead
Indian software companies (incluc
Tata Consultancy Services and Citic
Software Services Ltd, were rumoure
be in the running for bagging the contr
for the computerisation of the OTC
When the dust finally cleared in Janu
this year, Delhi-based Computers Mai
nance Corporation Ltd (CMC) wall
away with the contract. According to
Saha, vice-president, (financial inst
tions and banking) at CMC, "We have
expertise to help us execute this proje
Track record. Perhaps this confide
stems from the fact that CMC is at p
sent involved in a Rs.20 crore project
veloping on-line trading, trade supp
and settlement systems for the Bom
Stock Exchange (BSE). The compan
also working on a Rs.10 lakh project
computerising the Stock Holding Cor
ration of India Ltd (SHCIL) — amo
other things, their inventory keepi
systems.

CMC has computerised the contai
terminal of the Nhava Sheva Port and
railway reservation systems in the fo
metros. It also helped set up Banknet,
on-line system, linking banks to ea
other and to the Reserve Bank of Ind
(RBI). Recently, CMC won a major co
tract from the Industrial Developme
Bank of India (IDBI) for setting up a c
porate database.

The size of the OTCEI project is in t
region of Rs.75 lakh. The scope of the p
ject awarded to CMC extends from har
ware evaluation through softwa
development and the final implemen
tion of the system. Depending on the su
cess of the new exchange in Bomb
operations may be later extended
other cities.

The CMC package will ultimately co
sist of a central computer system at t



awalgaonkar: the project should be through by the year end

TCEI, connected through an on-line system to the various authorised dealers and arket makers, who will have their own rkstations. But initially, the connecn will be through modems, linking the rminals of the dealers and market akers to the OTCEI central system rough the telephone network. The mart makers — at least two of whom will be pointed for each listed company — will er two-way quotations for the scrip. is bid offer price will be made available the dealer, who will relay it to the inves- seller. Once the deal is made, the tails will be relayed back to the OTCEI ntral system.

According to J.S. Rawalgaonkar, senior nsultant at CMC, the project will be mpleted before the end of this year. ere are varying views on whether, and what extent, the entire OTC concept lf will succeed in India. But as far as IC is concerned, it is all set to ensure at st a smooth take off.

SARAH ABRAHAM

W AD MEDIUM

isplay tactics

dvertising agencies have their way, is, autorickshaws and goods carriages mpos, LCVs, etc) will soon sport ourful advertisements. The Road nsport Authority (RTA) in Mahahtra has informally announced that this group of vehicles will now be allowed to display advertisements on the back of their front seats and on the sides. About 35,000 taxis, 15,000 autorickshaws and 5,000 goods carriages in Maharashtra will suddenly become a new medium for advertising. The vehicles will be allowed to paint, print or use stickers.

Popular method Says Vijay Sinh Patnakar, deputy municipal commissioner, Municipal Corporation of Greater Bombay (MCGB), which will levy a "wheel tax" of Rs.900 a year on each vehicle displaying the advertisements, "This form of advertising has the potential to become popular. With people always in a tearing hurry, they hardly have the time to read the messages painted on hoardings. Now advertisers can get a better opportunity to get their message across." According to Bombay traffic police chief P.S. Pasricha, "If the BEST buses are allowed to advertise, why should other public transport vehicles be exempted?"

The Bombay Electric Supply & Transport Undertaking (BEST) which enjoys the monopoly of being the only public transport undertaking to advertise since 1910, is said to be apprehensive about losing some of its advertising revenue (about Rs.90 lakh every year) to these new arrivals. But according to Noshir Desai, president, Karishma advertising agency, there is no reason for the BEST to feel threatened by this new form of advertising. "Both would cater to different groups. Secondly, the profile of the prod-

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Faculty : The faculty for the seminar will be drawn from *CITIBANK* as well as the ICWAI. Video tapes, materials and case studies will be provided.

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20th June 1991

Hotel Gateway, Hyderabad.

22nd June 1991

Hotel Chola Sheraton, Madras.

29th June 1991

Hotel Windsor Manor, Bangalore.

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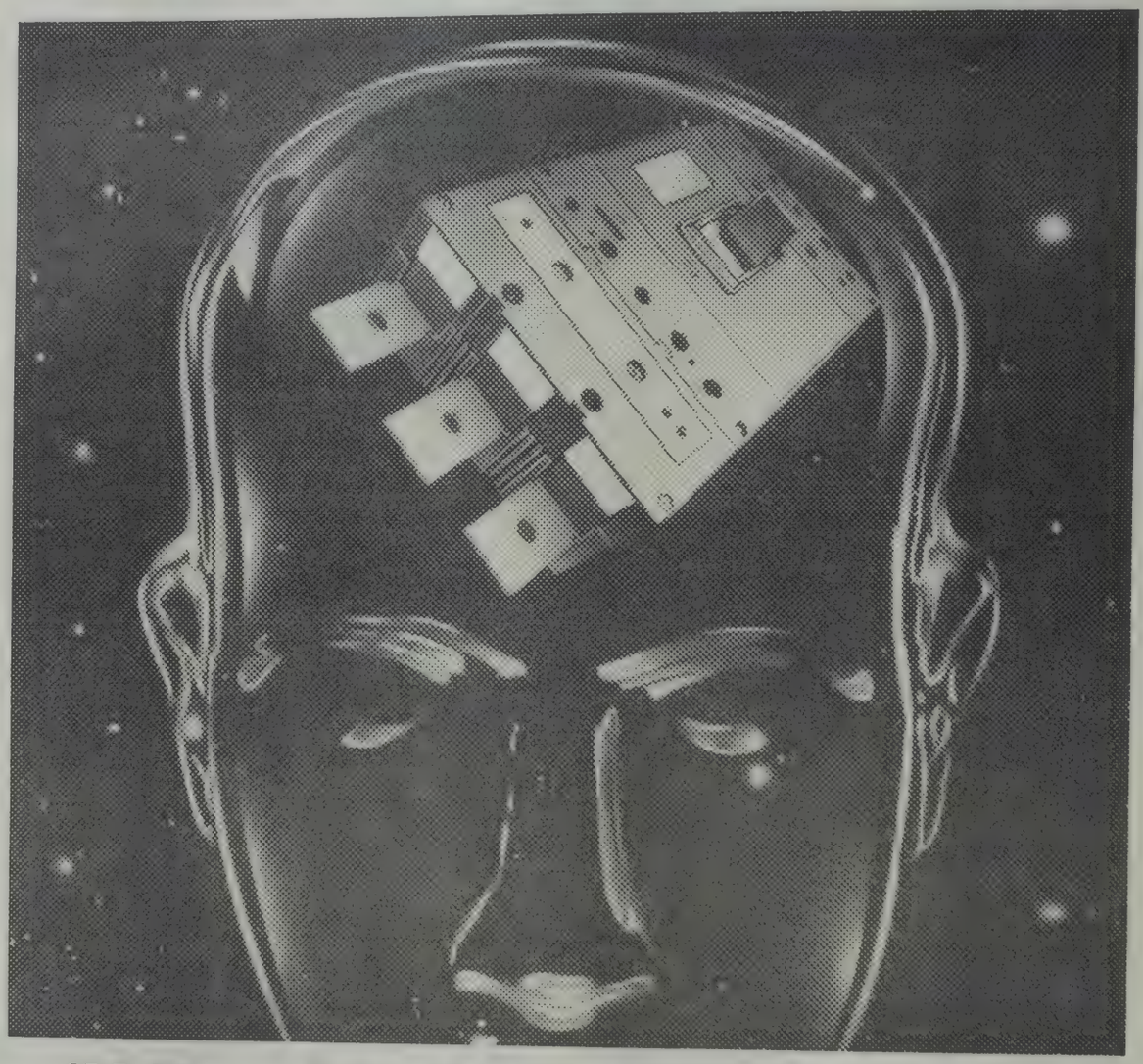
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ommuter transport vehicles: new avenue for ad displays

cts advertised will have to complement ie people travelling in the taxis or the itos."

However, opinion is divided among the dvertising agencies. Rajendra Jain, man-ging director, Aaren Advertising, a big ame in the outdoor hoarding business, as his doubts about the impact this form advertising will create. There is nother objection. While advertisements n BEST buses are neatly displayed, there ill be a riot of colours all over the taxis, itorickshaws and goods carriages. lashed all over, there is bound to be a uster. The whole impact will be very dis-rbing, hampering the purpose of adver-sing," says an advertising executive.

mall groups benefitted. On the other and, a senior advertising executive ob-rves, "This form of advertising will at-act a large number of small shop wners who can't advertise due to the gh cost involved."

Although no formal announcement has een made, the transport authorities ave laid down some broad guidelines. ut the finer details about the service harges to be collected, the duration of dvertisement permitted and the imposi-on of fine for breaking the regulations ve to be worked out. "We have to im-se some sort of fine, otherwise any auto ckshaw driver will freely advertise and ake a neat packet, without our knowl-dge," says a senior RTA official.

MAHIRA SHEIKH

ROAD CONCRETISATION

A face lift in the offing

By the end of this month, the first of the four phases of concretisation of roads in Bombay will be completed — a year behind schedule. Yet, officials at the Municipal Corporation of Greater Bombay (MCGB), which is handling the project, are not perturbed. Says K. Padmanabhaiah, municipal commissioner, MCGB, "This delay was natural since this is our maiden transition to cement roads. In fact, considering the severe constraints like traffic impediments, the delay is minimal." The commissioner also points out that non-cooperation from the traffic police only aggravated the matter "They refused to divert the traffic which put an additional burden on us."

But P.S. Pasricha, Bombay's traffic chief, refutes the allegation and points out that since half the width of the road is being concretised, it becomes very difficult to control two-way traffic on the remaining half of the road. And often, the work is done in patches which creates more problems.

Incurring losses. Apart from the traffic department, another agency which has not taken kindly to the slow pace of the concretisation programme is the Bombay Electric Supply & Transport Undertaking (BEST). According to BEST officials, on an average, the corporation is losing about Rs.66 lakh monthly, i.e., Rs.2.5 lakh every day, on account of the cementing work being done.

The number of trips made by each bus has been considerably reduced. Even the number of new routes introduced in the last couple of months has come down considerably. In congested areas like Sion, King's Circle, Mohamed Ali Road and Andheri, the corporation has incurred heavy losses because the road



Road being concretised: running behind schedule

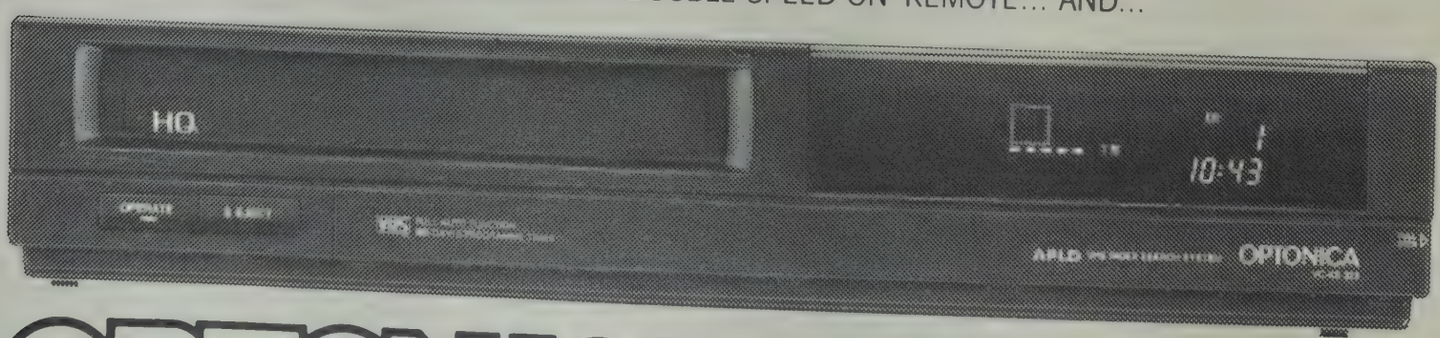
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ler concretisation is too narrow and ersion of traffic impossible.

The switchover from bituminous (tar) concrete roads had been long recommended by the Delhi-based Central Road search Institute, largely because the hnique results in maintenance-free ds. However, the idea was shelved due shortage of cement and the stringent ernment control on the cement indus- Today, however, things have changed matically. The cement decontrol induced way back in 1982 resulted in an precedented spurt in installed capa- and production of cement units.

Concretisation of Bombay roads began October 1989, the project involving a al cost of Rs.43.59 crore. Last year, 18 he 27 roads taken up for concretisa-, were completed at a cost of Rs.15 re. Of the 36 earmarked this year, 10 e been completed so far at a cost of 35 crore. Comparing the costs inved in concretisation and tarring of ds does not make much sense. Even ugh initial costs involved in cementing ds is on the higher side, in the long run cretisation works out much cheaper e such roads are easier to maintain.

The main advantage of going in for this ject is that citizens can be assured of d, sturdy roads. "Passenger traffic has e up by nearly 80 per cent in the last years. It is therefore advantageous to e good roads," says Pasricha. Accordto the traffic department, petrol th Rs.15 crore and diesel worth about 135 crore is wasted annually on acnt of bad roads.

gmatic approach. Concretisation, refore, is one of the pragmatic apaches to the city's traffic problems. only hitch is that it is taking more e than necessary. There is, however, way in which the work can be quickly npleted: have workers function round clock, especially in areas where the v of traffic is heavy. "We did try the a for some time," says Padnabhaiah. "But the machinery and the ipment used (compressors, mixers, rators, etc) made a lot of noise and we many residents complaining."

he MCGB hopes to complete the reining three phases by February 1992. sadly this year too, the hope of Bomites for a pot-hole-free monsoon will ain an unfulfilled dream. But they can solace from the fact a few years down road, their city can boast of strong the most modern roads.

MAHIRA SHEIKH

GARMENT EXPORTS

Against all odds

For long the largest foreign exchange earner for the country, garment exports continue to show a steady growth. Over the last three years, they have grown annually at 33.5 per cent. Last year, the country exported garments worth Rs.3,900 crore. This year, the figure is expected to touch Rs.5,400 crore. In the last four months exports has gone up by 16.85 per cent compared to the corresponding period last year. In real terms, however, this growth was marginal since the Indian rupee depreciated by 20.7 per cent over the last four months.

India's share of the international garment trade hovers around only 2 per cent. The industry's growth potential, however, is enormous. Says N.K. Goyal, chairman and managing director of Sarju International, a leading garment exporting house based in Bombay, "India could easily export garments worth Rs.10,000 crore annually if government policies were liberalised."

Many obstacles. According to garment exporters, there are many roadblocks in the way of the exports target reaching Rs.10,000 crore. The Clothing Manufacturers Association of India (CMAI), during the recently concluded twentieth National Garment Fair, recommended that the import duty on garment machinery be reduced to 5 per cent from the existing 35 per cent. It asked for the setting up of special warehouses to store trimmings (buttons, zippers, labels, etc) brought from abroad, and to make them available locally. It also suggested that free trade zones (FTZs) and export oriented units (EOUs) be entitled to cash compensatory support, duty drawback and replenishment (REP) licences.



Garment trade: immense export potential

Bureaucratic hassles also contribute to the delay. "An exporter spends most of his time running around and filling up forms," says Kishor Shah, chairman and managing director of Crystalline Corporation, a garment export unit. According to another exporter, one has to fill up as many as 50 forms in India as against a single form in countries like Thailand and Malaysia. According to Shah, thanks to the restrictive policies of the Indian government, many garment exporters are being forced to export grey fabrics to free ports like Dubai where they are converted into garments and exported. "We are ending up promoting our neighbours," says Goyal.

Also, for setting up a garment manufacturing unit, permission is to be taken from at least a dozen government agencies. "You have to take permission even from the pollution control board, though the garment industry does not offer any pollution hazards," says Goyal. But the government officials express helplessness. "We can only make suggestions to the ministry," was the explanation of Arun Kumar the ex-textile commissioner, when asked to comment on bureaucratic delays.

Also they have a different explanation for India's low market share in the world. "Buyers are often duped by fly-by-night exporters, who send substandard goods abroad and spoil the name of the country," says an official in the office of the textile commissioner.

The government, on its part, has reduced import duty from 120 to 45 per cent. Zippers and linings can now be imported against REP licences and import of upto 2,000 labels is duty free.

Better communications . The number of reliable garment export houses is increasing. They are being helped by improved communications which translates into more organised schedules. "Today you can inform a buyer of any delay and renegotiate terms and conditions more easily," says Anil Paul, regional director of Banaras Trading House, which represents many buyers in the US, Britain and Germany.

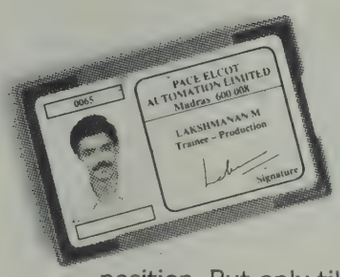
The recessionary trend in the western world has done little to dampen the spirit of garment exporters. This is because recession normally affects sales of high-value consumer items first and Indian garments do not fall into this category.

■ SHANKARI CHAKRAVARTY



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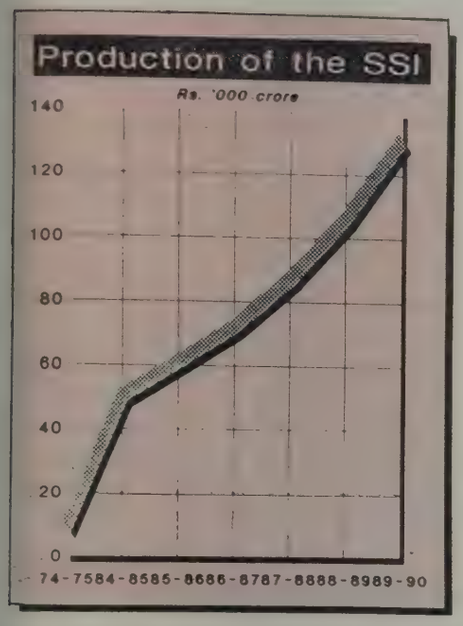


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Small, but significant



In a developing country like India, the optimum use of resources is absolutely critical. On one hand capital is scarce and, on the other, there is an abundant supply of relatively cheap labour. Both are necessary for industry but the mix of these factors depends upon availability and the technology used. Industrial development, to be effective, will largely depend upon how well these factors of production are brought into play. It is in this context that the role of the small-scale industry will have to be viewed.

Despite many constraints the small-scale sector has grown tremendously from its humble beginnings. In 1975-76 there were only 550,000 units, with an investment of Rs.3,204 crore and a combined output of Rs.11,000 crore. Ten years later, the number of units were up to 1.36 million while output increased six-fold to Rs.61,229 crore. Currently, it is estimated that on an investment of Rs.18,196 crore by 1.83 million units, total output is in excess of Rs.1,31,000 crore. The products manufactured by the small-scale sector are diverse both in technology and range. They cover a wide range of about 5,000 items (even though only 836 items are reserved for this sector) including ancillaries, engineering items, leather goods and handicrafts among many others.

However, despite the small scale of operations, the small-scale sector has done remarkably well on the export front. In 1985-86, it exported goods worth Rs.2,769 crore, which went up to Rs.5,681 crore in 1988-89, accounting for approximately 28 per cent of the country's total exports.

Widespread sickness

But, despite this sector's contribution to the economy, both in terms of value of production and exports, it is beset by many problems. This has led to industrial sickness in many units. In 1987, an estimated 204,000 units were reported to be sick, constituting 17 per cent of the total. These units incurred cash losses that has led to the erosion of 50 per cent or more of the aggregate net worth, and blocked up Rs.1,542 crore of bank credit, which is about 16 per cent of the total advances to this sector.

This sickness is largely the result of internal problems like management deficiencies, lack of financial control, diversion of resources, and technological obsolescence. Sometimes exogenous factors such as inadequate power supply, raw material shortage, and unavailability of timely funds has also caused sickness.

The government, in order to address the financial needs of this sector, had set up the Small Industries Development Bank of India in April 1990, which has now been in operation for just over a year. During this year, the bank did remarkable work in refinance.

Rapid employment growth

The most significant role the small-scale sector has played is in employment generation. Employment in this sector has increased from 3.97 million in 1973-74 to 9.6 million in 1985-86 and an estimated 11.9 million in 1989-90. This is indeed laudable if one considers that employment in the large organised industrial sector has been growing at a snail's pace in comparison.

This, however, is true not only of India but of western industrialised countries as well. In America, for instance, small companies of fewer than 100 employees, were responsible for as many as eight out of ten new jobs created. Also, small to medium size companies in the US are responsible for 46 per cent of the value-added in that country's manufactured products.

In Japan, 75 per cent of manufacturing employment is in small and midsize companies, in contrast to 35 per cent in the US. The growth of small business in Japan is mainly due to favourable government policies. The Japanese government provides about 20 times more financial aid to small business than the US government.

Clearly, the small-scale sector in India has still not developed its full potential. Greater infrastructural support and assistance in technological upgradation and marketing could prove to be very useful.

■

ASPI CONTRACTOR

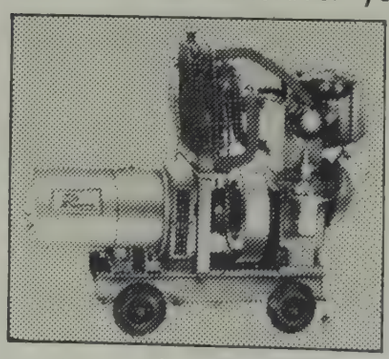
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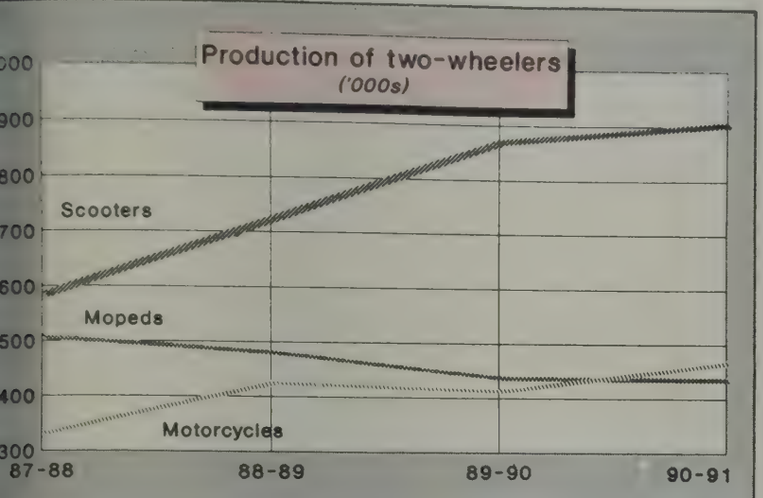
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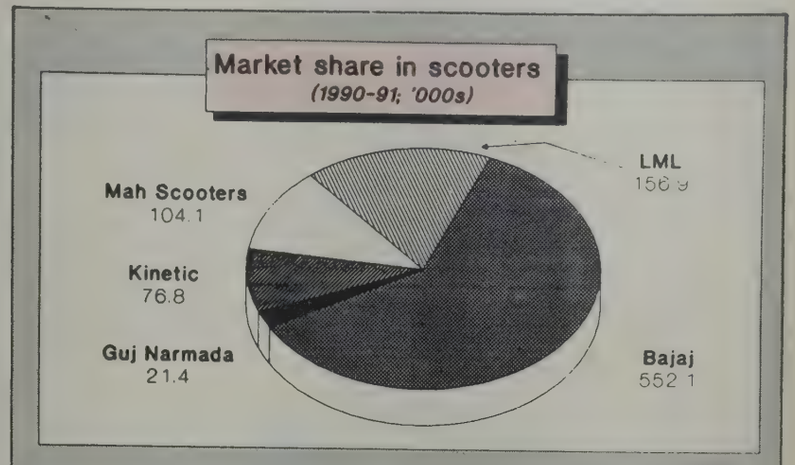
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Moulis



Over the years, the popularity of scooters has grown and the market is growing at around 15 per cent per annum. While the popularity of motorcycles is increasing that of mopeds is on the wane. Total production of mopeds has decreased by nearly 14 per cent over the last 3 years to 440,400.



Bajaj Auto dominates the market with a 61 per cent share and together with Maharashtra Scooters controls about 72 per cent. Nevertheless, LML and Kinetic Honda are slowly making inroads in this very lucrative and growing market.

nsumer price index: The consumer price index for industrial rkers dropped marginally in March 1991. The index for urban n-manual workers remained steady, however.

	Mar '91	Feb '91	Mar '90	% change over month	% change over year
ustrial workers 82 = 100)	201	202	177	–0.50	13.6
an non–manual kers (1984–85 = 100)	169	169	149	–	13.4

holesale price index: There has been a slowdown in the rate of crease of the wholesale price index — all commodities index fell 0.67 per cent during the month under review. In primary articles, e index for cereals was down by 3.6 per cent and that of fibres was by 6 per cent during the month to 4 May 1991. In manufactured oducts the index of cement, lime and plaster is up 4 per cent.

(1981–82 = 100)

	4 May '91	6 Apr '91	5 May '90	% change over month	% change over year
commodities	192.8	191.5	173.7	0.67	10.9
nary articles	198.4	197.5	172.5	0.45	15.0
nufactured products	190.3	189.3	175.9	0.53	8.2

oney and banking (scheduled commercial banks): There has en a slowdown in the growth of broad money (M3) during the nth to 3 May 1991. The tight money policy followed by the RBI s affected bank credit which declined by 0.50 per cent. On the er hand, food credit was up 12.2 per cent.

(Rs crore)

	3 May '91	5 Apr '91	4 May '90	% change over month	% change over year
ad money (M3)	2,74,444	2,73,415	2,37,746	0.37	15.43
regate deposits	1,97,099	1,98,069	1,70,149	0.48	15.83
k credit	1,17,783	1,18,376	1,03,625	0.50	14.23
d credit	4,987	4,441	2,551	12.2	74.08
dit/deposit ratio	59.76	59.77	60.90		

Industrial production and infrastructure: Industrial production has declined by 1.3 per cent in February 1991. There has been sharp declines in steel, coal and cement production during April. Though on a year–on–year basis all the three sectors reported substantial gains. Power generation also dropped by 10 per cent in April as against a marginal decline over the same period.

	Month	Previous month	Year ago	% change over month	% change over year
Industrial production index 1980–81 = 100	222.7(2)	225.3	207.6	–1.3	7.2
Railway freight (million tonnes)	28.76(12)	26.75	27.25	7.5	5.5
Crude oil production ('000 tonnes)	2668(4)	2910	2934	–8.3	–9.1
Power generation (million units/day)	705.16(4)	783.54	711.70	–10.0	–0.9
Coal production ('00,000 tonnes/day)	5.3(4)	9.1	4.7	4.17	12.7
Steel production ('000 tonnes)	787(4)	1001	701	–21.4	12.2
Cement production ('000 tonnes)	4155(4)	4860	3920	–14.5	5.9

Figures in bracket indicate month

Bullion prices and stockmarket index: The rise in the price of bullion (both gold and silver) has slowed down due to lower demand. The BSE index continues to remain stable at 1,300 despite the fluid political situation.

	31 May '91	30 Apr '91	31 May '90	% change over month	% change over year
Gold (Bombay)	3,705	3,632	3,340	2.0	10.92
Silver (Bombay)	6,860	6,819	6,662	0.60	2.97
BSE index (1978-79 = 100)	1,307.3	1,267.46	800.8	3.14	63.24

(Price of gold is in rupees per 10 gm and silver in rupees per kg)

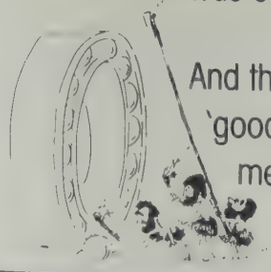


– Aurobindo Dasgupta
(Purchase Manager)
Canso Machine Tools Ltd.

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Canso was using outdated methods and equipment to heat and mount bearings: Messy oil baths and uneven – heating hot plates. Resulting in frequent bearing failures, machine breakdowns, and stoppages in production. Dasgupta was at his wits end!

Then someone informed him about the Induction Heater from SKF for heating bearings. Soon it was on the shopfloor.



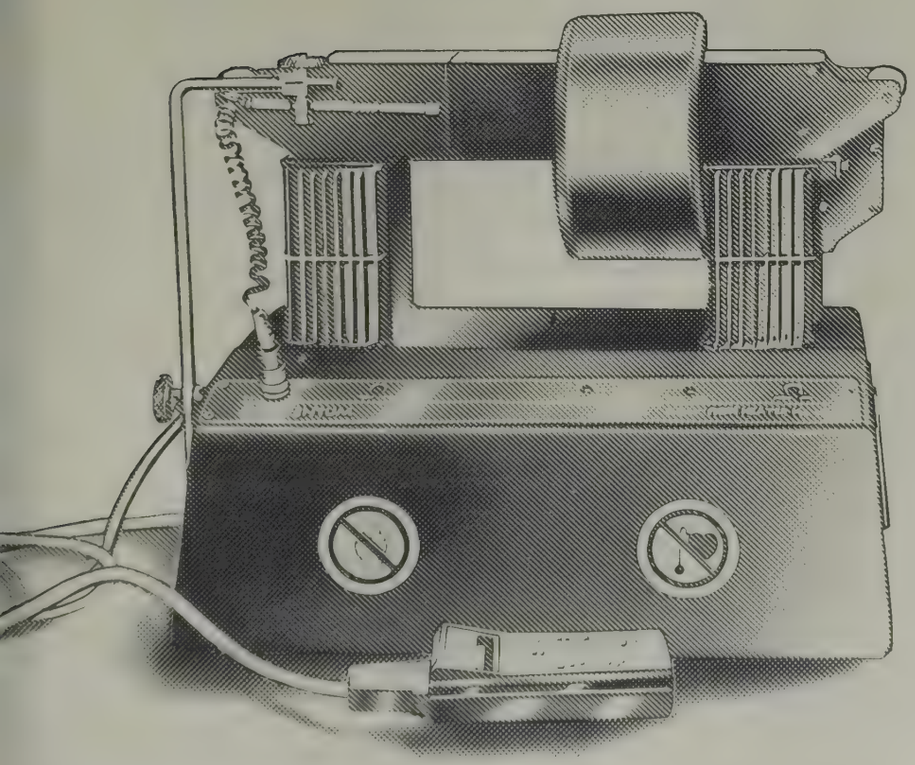
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Bookies poised for a killing

he day after Rajiv Gandhi's assassination, the bookies decided to close shop nd return the crores of rupees they had ollected for the prediction of the election esults rather than risk their cash on the otally speculative. They then waited and atched to see which way the wind blew: ould there be a sympathy wave for the ongress after Rajiv's death and, who the ew Congress president would be.

It was only after the name of the provional Congress president, P.V. Narasimha ao, was announced that the betting reopened. Punters in Indore, Calcutta and ombay are generally giving the shortest dds (ie, the greatest likelihood) on the nances of a Congress (I) government oming to power. But they give the party nly around 200 seats in the Lok Sabha against the arlier figure of 240.

The BJP is still expected do well in UP and follows cond with about 100 seats. arlier, the bookies were ving the BJP at least 150 ats. That party's stock has opped after Narasimha ao's nomination, as it is ow not expected to get any ats in the south where earr it could have cornered out ten. In Madhya Pradh, the Congress (I) is likely win the rest of the seats. marginal seats will also to the Congress (I), acrding to those giving the ds.

ng odds

the National Front's ances, the odds offered very long. Besides Bihar, ere the Janata Dal is ely to get about 30 seats, w areas where the okies are expecting the party to do well Maharashtra and Karnataka. The legu Desam has regained its foothold in dhra Pradesh with NTR's fast. Yet, odds long as 6 to 1 are being offered on the mation of a National Front government, ich means that the bookies feel there is le likelihood of the National Front com- to power.

On prime ministerial candidates, the tting is somewhat more subdued. The reason, according to a Delhi bookie, is that "the Congress (I) is unable to project a candidate for this post. There are five main contenders there — Narasimha Rao, Arjun Singh, N.D. Tiwari, Sharad Pawar and Madhav Rao Scindia. Then if no party gets an outright majority, leaders of other parties too could agree to head coalition governments. There is Chandra Shekhar, Jyoti Basu, R.K. Hegde. Hardly anyone wants to bet on V.P. Singh, though Advani is a hot favourite, followed by Vajpayee". If you want to wager Advani becoming prime minister, you will make Rs.5,000 on an investment of Rs.1,000, should he make it to the top. You will make a bigger killing on Vajpayee should he get the coveted post. If you put down Rs.1,000 you will get Rs.10,000.



Rao: contender for the PM's post?

The biggest turnaround is of course on Chandra Shekhar. Before Rajiv Gandhi's death the odds being offered were 1:1000 on his retaining the prime ministerial job. If you betted Rs.100 on his chances, and had he made the grade, you would have won Rs.1 lakh. Now the odds have petered out and, according to the book makers, his chances are bright. They are offering 1:2 odds on him.

However, the odds are changing rapidly, as the situation continues to be fluid, and it is difficult to judge the mood of the electorate. The long interval between Rajiv's assassination and the Lok Sabha election for the remaining 300 seats could result in a swing either way for the Congress. But reports coming in at the time of writing do not indicate a sympathy wave for that party.

A hung parliament seems to be on the cards. The Congress (I) seems to have lost the initiative it gained just after Rajiv's death because of the delay over the election of a leader and the party's failure to project a candidate for prime minister.

Within days of Rajiv's death, the BJP hijacked the Congress (I) slogan of stability, primarily because of the confused behaviour of the 103-year old party in the aftermath of the tragedy. But the Congress now seems to have put its act together and could swing a number of marginal seats in its favour in several states. All the same the Congress at best will still be the largest single party in the Lok Sabha.

The National Front, which was hoping to improve its position in the south, is no longer as sure as before. They have had to write off Tamil Nadu, but they are still banking on NTR holding Andhra Pradesh for them. They are also making a concerted bid for Orissa where no sympathy wave is in evidence as yet.

Political analysts feel that a coalition government with the Congress as a major partner is likely. In the wake of Rajiv's assassination the Left Front might support them to combat the BJP. This line of thinking has been given weight to by E.M.S. Namboodaripad's letter to the Congress party saying the Left Front might support the party to preserve the secular democratic ideal. Jyoti Basu has disassociated himself from this move, but both parties are making efforts towards this end.

The permutations and combinations have changed after Gandhi's assassination, though no party is likely to get a simple majority. The Congress is likely to improve the number of seats it had hoped to get earlier, perhaps even repeat its last performance in the south. The BJP hopes to marginalise the Congress (I) totally in the north by capturing the floating vote attracted to the idea of stability, besides the strong Hindu vote. The National Front is trying to preserve its vote banks of the minorities and the backward castes and emerge as the largest block in Parliament.

■ RUCHIRA GUPTA

Now a repayments crisis?

The next month is crucial for bankers as well as the officials of the finance ministry. If things don't go the way they should, there can be major trouble on the NRI deposit front, leading to another money crisis. This is because, next month, almost Rs.800 crore of the Rs.20,000 crore in NRI deposits with various Indian banks will mature. If there is shortage of money and the NRI's don't get their returns, it could well be possible that some will begin to withdraw the money they have deposited in various schemes with Indian banks. No doubt the *Babus* at North Block are spending sleepless nights trying to figure out whether it will be possible to pay up.

The FCNR scheme, started in the mid-eighties to attract foreign exchange from NRIs, has been one of the major sources of funds for the government, specially at times of crisis like the one currently on. The interest rates in this scheme differ from currency to currency, being highest for the German mark. But with the present foreign exchange crisis, the Indian government may find itself incapable of paying back NRIs who have invested in the scheme. Apparently, the recent rush to sell 20 tonnes of gold in the international market is an exercise undertaken to finance these payments due next month.

Finding common ground

The persistent bickering between the departments of coal, steel, power and the Railway Board over production in the infrastructural sector has not been receiving much press attention lately. Earlier, it was common to read about the department of coal complaining about how the railways were refusing to pick up the stock. Railways, on the other hand, complained that whenever wagons were made available, there was no coal stock to be taken. Stuck in between were the steel plants, which were unhappy with both the coal sector and the railways because of the coal shortage that ensued.

Now it seems that the officials of the core sectors have decided to settle their differences rather than cry to the press. A committee, under the secretary (coordination) in the cabinet secretariat, R.K. Tikoo, has been formed to find solutions to these perenniel problems. The committee has representatives of all the three core sectors. There are weekly meetings and, once a month, the cabinet secretary himself chairs the meeting. Apparently the committee is working well, and the bickerings have now come to a minimum.

Sheshan riddle

Whose man is T.N. Sheshan? Till the elections began, the former cabinet secretary and now chief election commissioner (CEC) was accused of being a Congress(I) adherent. The circumstances leading to his appointment as CEC, the fact that he held high offices during Rajiv Gandhi's tenure, were all bandied as evidence of his being a Congress(I) man. His utterances about the law and order situation in Bihar and the countermanding of elections (as distinct from repolling, since countermanding means that fresh nomination papers have to be filed) in constituencies where Janata Dal candidates were perceived to be ahead, were also marshalled as additional evidence of Seshan's inclinations.



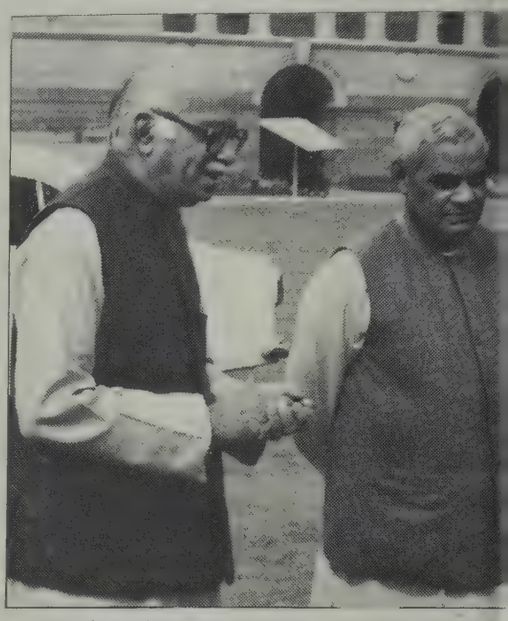
But now Congress(I) members are openly critical of Sheshan. Reason: he has postponed polls by three weeks. Congress(I) members perceive that this is too long a postponement and prevent them from cashing in a sympathy wave in their favour following Rajiv's assassination.

So whose man is Sheshan, anyway?

Making of a manifesto

The Bharatiya Janata Party's economic manifesto has been hailed as a pragmatic one by business circles. But how did it actually evolve?

Apparently, work on the manifesto started off in June last year, with the constitution of a small group under the titular chairmanship of party vice- president, K.R. Malkani, but with Govind Acharya (the RSS's official representative in BJP) as prime motive force. The group also included an economist, Jagdish Shettigar, director with the FICCI, who was drafted in because of his RSS background.



Advani and Vajpayee: a pragmatic manifesto

By October, when the Ram Rath started surging forward, the group had prepared position papers on industrial policy and prices, but with the collapse of the V.P. Singh government, Shettigar was given the task of quickly preparing a draft manifesto.

This draft, though ready by January, was finalised only after announcement of elections by party president Murli Manohar Joshi, in consultation with Shettigar and some others, like S. Gurumurthy of *Indian Express* fame.

Interestingly the party's erstwhile economic advisor, Jay Dubashi, was completely sidelined. The manifesto apparently includes some points suggested by some bankers, journalists and other intellectuals.

Historical first

This must have been for the first time in the history of India. Officers and *babus* of the Rajya Sabha and Lok Sabha secretariats were equally surprised when last fortnight, they found BJP supremo, L.K. Advani, campaigning within the four walls of the secretariat. Advani, who knows many of these officials personally, having been a Lok Sabha and Rajya Sabha MP in the past, actually went from room to room requesting the *babus* to vote on the symbol of the *kamal*.

Rajiv Gandhi



I did not know Rajiv Gandhi. It is necessary to make this pretentious little statement because, after I was appointed chairman of the State Trading Corporation (STC), quite a few people ssumed that we had been life-long riends from our "Cambridge" days. I was n fact at the other university about ten ears earlier. Apart from exchanging reetings many years ago at the Fujiya, a hinese restaurant in Malcha Marg, I alked to him only once, and that was hen he asked me if I would take over TC. I agreed, and after that we never poke or met each other again.

In a sense this little story of our acuaintance tells a great deal more about ne man and his government than the unmportance of it might suggest. It is not ustomary for prime ministers to interiew potential candidates for public secor jobs; they have after all many more mportant things to do, in running the overnment. It was typical of Rajiv Gandhi's hands-on approach to governing hat he took such a direct interest in hese matters. If however I or indeed anyne else had visions of a grand design of hich I was a carefully chosen cog, then I as to be sadly mistaken. Rajiv Gandhi as like the musical director who having elected his bassoonist, his flautist and ll the other musicians he needed, just ould not quite get round to conducting he orchestra.

ureness of touch

hy this should have been so, I was never ble to understand; he certainly knew hat needed to be done; I had listened to im on several occasions, talking to pubc sector chiefs, or to state chief ministers r semi-public gatherings to which I was itually invited, and on each occasion I ad been deeply impressed by the sureess of his touch on liberalisation and the conomy. It was not just that he was well utored; whenever he departed from the repared text, his words carried even reater conviction, and were in a deeper ense profoundly more accurate. He eemed to have a much finer intuition bout the job in hand than those around him. Perhaps it was his alienation from India that made him so much more receptive to new ideas; his Italian wife, his English education and all that foreignness, was what kept him away from the stodgy parochialism of Indian nationalism.

Having said that, there is another crucial element of Indian politics that Rajiv freely admitted he had somehow lost, and that was communication with the people. He had become inaccessible and I imagine that was as much due to shyness as a dislike for back slapping politics. Being an outsider had given him his strength, but it also meant that he became enmeshed within a system which he could not operate, a system which stifled those common sense ideas which happened to be just what the country most needed.

So what in sum will have been the Gandhi achievement; I believe it will be recognised as critical to the transition from socialism to capitalism. In his few short years, he shifted the centre of the Indian political economy. He moved us away from the outmoded *shlokas* of socialism to talking and thinking of a market economy. The fact that today there is a genuine debate about the merits of free enterprise is entirely due to Rajiv Gandhi; no other politician or leader could have led us away from the legacy of his grandfather. Yet there perhaps was the ultimate tragedy. He could not completely abandon the language and ideas of his illustrious ancestor; he could never attack socialism frontally. There was therefore always a need to take one step back after two steps forward. In the end, this policy was only partly successful. He was not able to change the character of the economy, however much he improved its working.

There was therefore always a need to take one step back after two steps forward. In the end, this policy was only partly successful. He was not able to change the character of the economy, however much he improved its working

Yet the loss of Rajiv Gandhi will be felt far more than we presently realise; when all is said and done, whether he was in office or out, he was the leader of the Indian people. There is no substitute for him; if India passes through a crisis, it is his absence that will be most apparent to the leaders of the world. In the life of a nation every now and again one person seems to embody the hopes and aspirations of an entire people. Such an individual is not necessarily the most able or important person around, but his departure brings about a despondency the like of which is difficult to shake off. Churchill recorded one such event in his long and eventful life, and that was the resignation of Anthony Eden in 1938 from Chamberlain's government. In memory of Rajiv I can do no better than repeat those words of Churchill:

Rajiv Gandhi was like the musical director who having selected his bassoonist, his flautist and all the other musicians he needed, just could not quite get round to conducting the orchestra

"Late on the night of February 20 a telephone message reached me as I sat in my old room at Chartwell that Eden had resigned. I must confess that my heart sank and the dark waters of despair overwhelmed me. During the war soon to come and in its darkest times I never had any trouble sleeping. In the crisis of 1940 when so much responsibility lay upon me, I could always flop into bed and go to sleep after the day's work was done. But now, on the night of February 20, 1938, and on this occasion only, sleep deserted me. From midnight to dawn I lay in bed consumed by emotions of sorrow and fear. There seemed one strong young figure standing up against long, dismal, drawling tides of drift and surrender of wrong measurements and feeble impulses. My conduct of affairs would have been different from his in various ways; but he seemed to me at this moment to embody the life hope of the British nation, the grand old British race that had done so much for men and yet had some more to give. Now he was gone. I watched the daylight slowly creep in through the window, and saw before me in mental gaze the vision of Death."

UNIT TRUST OF INDIA

No longer the Big Bull

UTI has come a long way since its modest beginnings in 1964. The explosive growth of the eighties has been followed by changes, both internal and external, which will determine its path in the competitive nineties

UTI watchers are in for a surprise when the fund announces its results for the year ending 30 June 1991. Although the growth of investible funds has fallen as expected, thanks to a plunge in unit sales under Unit Scheme 1964, it will still be a healthy 20 per cent (*see table*). Equally important, UTI's client base will post a record 55 per cent growth, crossing the 10-million benchmark.

These numbers reflect a metamorphosis of UTI that is partly due to the more competitive environment it now operates in. To an extent, the growth in investible funds reflects changes begun under previous chairmen, particularly the aggressive and dynamic M.J. Pherwani. During Pherwani's years, 1983 to 1990, a large equity portfolio was built up. This had added over Rs.1,700 crore in market value last year. But it also significantly represents the contribution of S.A. Dave, its chairman for the past year, whose methodical approach to total systems management is taking UTI along a new path.

There was a time in 1988 and 1989 when the big "line" speculators — those who conduct business over telephone and telex lines, trading the same share at different prices in different exchanges — would start their day's telex messages with the query "*Pherwaniji aaj kya karnewale hein*?" UTI was then the Big Bull of stock exchanges, the bane of shortsellers and the delight of small speculators who profitted greatly from its sharp incursions into stock exchanges.

Largest operator

Today, things are different. Although it remains the largest operator in stockmarkets, with



Dave: a total systems management man

verage daily trades of Rs.10 crore a day (by the nd of May 1991, it had recorded trades — ostly purchases — of Rs.580 crore), far in xcess of the next largest, Canbank Mutual's s.60 lakh a day, the telexes no longer start with oncerns about UTI's likely actions for the day. If t all a mutual fund is referred to, it is likely to be anbank Mutual, whose aggressive and dynamic tyle and willingness to hold shares for shorter eriods — nine months on average compared ith six years for UTI.

Where is UTI going and why has its direction hanged? As one UTI watcher puts it, "If Big Bull vas appropriate for the late eighties, the Danc- ng Giant — still big but nimbly staying out of the vay — might be appropriate for the UTI of the ineties."

To understand the change, one must indeed nderstand how financial intermediation has hanged over the last three decades. The sleepy ixties were followed by the heady thrust to- vards social banking in the seventies. Through oth these decades, the Unit Trust, which was es- ablished in 1964, remained a minor institution, nobilising a mere Rs.14 crore in 1971 and still nly Rs.31 crore in 1981, while total savings rose n this period from Rs.6,000 crore (15 per cent of DP) to Rs.25,000 crore (22 per cent of GDP).

In fact, in the seventies, UTI was looked on as n organisation without a future. G.S. Patel, who vas chairman of UTI between 1976 and 1983 ays, "When I joined UTI in 1976, it was perceived s a sinking ship. Thanks to dividend restrictions — our main source of income — people lost con- idence in us and almost Rs.20 crore was re- urchased that year."

However, thanks to economic liberalisation, rban incomes shot up after 1980 making the ighties the turn of the urban middle class saver — with UTI well positioned to benefit. With its nique tax advantages and service record, sales xploded to Rs.5,580 crore in 1989-90, marking a our-fold jump since 1985-86. Even the mono- oly LIC garnered a lesser Rs.4,300 crore.

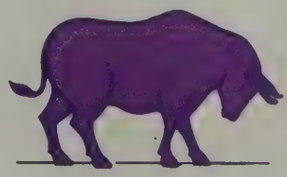
Engine of growth

TI invested a significant proportion of these unds in the equally fast-growing capital market vhich had, by then, become the engine of eco- nomic growth. From mobilising Rs.218 crore in 979-80 or 0.9 per cent of total savings, the capi- al markets in 1989-90 mobilised Rs.6,550 crore r 7.3 per cent of total savings. UTI's equity in- estments rose ten-fold between 1985 and 1990; he estimated market value of Rs.5,100 crore of hese holdings meant that it "owned" nearly 7 er cent of the market.

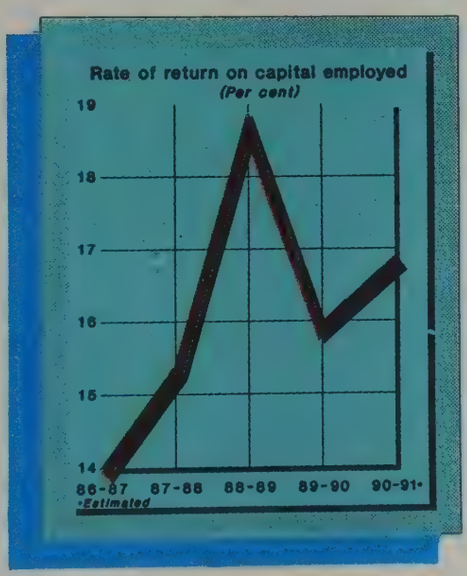
This huge involvement, notes Pherwani cre- ted its interest in a stable market. "It was in our nterest that the market should move with long erm trends."

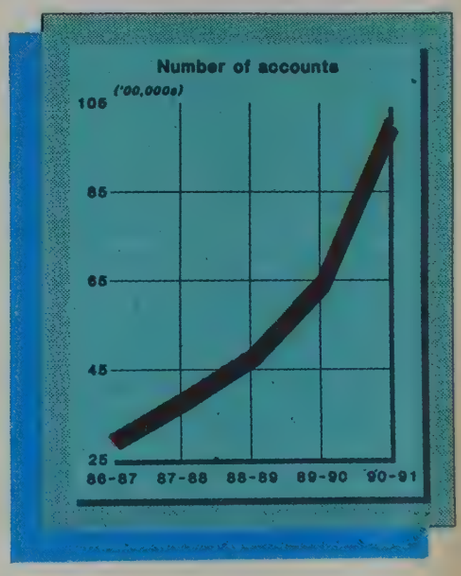
This view coincided with the government's view of capital markets. Through the second half of the eighties, the government repeatedly influenced the financial institutions to intervene and stabilise stockmarkets in times of market crises, with UTI being asked to play the prime role.

How well was this role played? Although markets would invariably steady for the day after a publicised institutional entry, volatility tended to return quickly. For example, after a much-publicised institutional entry in December 1987 to prop a sagging market, markets turned weak once UTI withdrew and volumes fell off. By 25 February 1988, the market was 2 per cent below its 10 December low. Another example, this time of a stabilising sale: when UTI sold 1 per cent of ACC's shares on 5 July 1990 at Rs.650 each for a total sale value of Rs.3.5 crore, its obvious though unstated intention was to cool ACC's steamy stock price. The market, however, did not even blink. By 6 July, the share closed at Rs.667 and by the end of July it was at a new high of Rs.1,080.



G.S. Patel, chairman of UTI between 1976 and 1983, does not believe in either the concept or feasibility of market stabilisation. He says, "Many a times, it is tantamount to bailing out the speculators. You might argue that in the interests of investors, markets should be stable, but has it really happened? Secondly, it distorts markets.





Recently, markets have risen not for fundamental reasons but because mutual funds have come in with money that they have recently mobilised."

Waning influence

BSE executive director M.R. Mayya is a firm believer in the importance of a deliberate and positive institutional role in market stabilisation. But he concedes that the ability of a single institution such as UTI to influence market prices and their stability has waned over the past year and a half. He traces this to the growth of other competing mutual funds arguing that it is a healthy development overall.

There are other reasons for UTI's declining influence. As Mayya notes, the liberalisation of the money market has made for a closer integration between money and stockmarkets. Stockmarket movements depend, in the shortrun, to a great extent on money market rates and less on any mutual fund's actions.

For example, M.M. Kapur, UTI's general manager for market operations investment, notes that with call money rates averaging 35 per cent per annum over the past 4 months, UTI's portfolio contains more cash these days as various UTI funds have liquidated shares which might rise less than call rates.

Another factor is that the importance of thinking long term has become more accepted by the trading community at large. Old time speculators, who made money following "the flavour of the day" approach to trading, ie, in and out in a different share each day, have been replaced by educated younger brokers who study stock prices in relation to corporate performance. Kapur notes that "Prices today reflect fundamental, rather than speculative factors." This makes the need for stabilising actions less necessary.

Actions downplayed

The last reason is deliberate and significant: Dave, who became chairman on 30 March last year, has chosen to downplay UTI's Big Bull image. This has been done in a variety of ways. For example, by spreading operations across more brokers — no broker is allowed more than 5 per cent of its business and actuals have been below 3 per cent — UTI has sought to ensure that its actions are camouflaged. Similarly, the purchase or sale of a share (necessarily a large block by market standards) is done in lots over several days. This is unlike the past when huge blocks would be purchased at a time — typically in Reliance or Tata Steel — in order to provide a psychological boost to markets. A wide spectrum of brokers believes that Dave prefers to acquire shares on the quiet, waiting for other factors, such as earnings, to affect prices. Dave argues that this, in fact, gives UTI a price advantage as both buyer and seller.

Kapur sees advantages in UTI's changed role. He notes that 2 to 3 years ago, it was easy for UTI to buy shares in a big way but difficult to sell. Today, with other mutual funds present, large sales are possible without disturbing the price. "Demand is enormous with trading limited to 70 to 80 scrips which all the mutual funds want to buy in large amounts." This has allowed UTI to realise a larger proportion of its gains this year, leading to a rise in realised return (*see chart*).

	1986-87	1987-88	1988-89	1989-90	1990-9
Unit holding accounts (lakhs)	29.8	38.6	48.6	65.1	10
Investible funds (Rs. crore)	4,564	6,739	11,835	17,651	21,
Realised rate of return on capital employed (%)	14.0	15.4	18.9	16.0	1
No of schemes	20	25	29	31	

**Provisional figures*

For instance, in the third and fourth week of May this year, UTI sold over 400,000 shares of Hindustan Lever to create liquidity for its year-end payout. The sale caused prices to fall marginally from Rs.165 to Rs.160, thanks to purchases by another mutual fund. Even two years back, Lever's price would probably have plummeted to below Rs.130.

How good are UTI's investment decisions? Between March 1990 and March 1991, while the book value of UTI's equity portfolio rose by 16 per cent to Rs.3,900 crore, the market value rose by 33 per cent to Rs.6,850 crore. This incremental increase of 17 per cent is significantly less than the BSE Sensitive Index's rise of per cent over the same period. Of cour the figures are not strictly comparal across the years because of a constant a dition to the deposit base. Neverthele Dave notes that the market value of UT equity portfolio, which is more diversifi than the index, will generally rise l than the latter, when the market rises. case of a decline in the market, it will a fall less than the index.

Investment decisions are based on r ommendations by UTI's Investment Ad sory Services team which also follo market news and brokers' reports.

Quick forecasts

Says Kapur, "Basically we are fundame talists. We look at the fundament strength of the company: on how mu

Where even Rs.100 crore is small

S.A. Dave, *54, took over as chairman of UTI in March 1990. He had behind him the experience of having served as chairman of SEBI for two years and executive director of ICICI. Rafiq Dossani of* Business India *speaks to him on how UTI operates*

This year, UTI's net sales of US 64 units to the corporate sector was negative — repurchases exceeded fresh sales. Your comments please.

There are probably a couple of reasons. The first is the very large flow into capital mega issues. The oil companies, which were earlier big investors in units, had trouble last year. One-third of our corporate sales goes to the public sector, a third to banks and a third to the private sector. Banks, which mainly wish to provide ready liquidity, have been the main market-makers in these units. Another reason is that Section 80M was amended last year to exempt dividends tax only to the extent paid out. Several companies, were already paying dividends over and above their earnings from units and hence had nothing to gain.

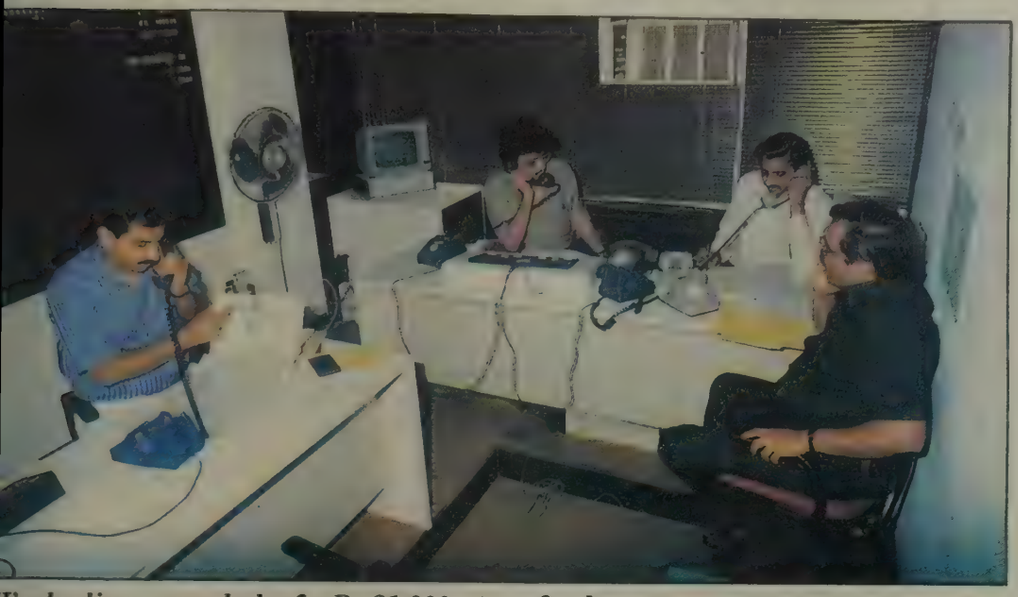
What is the basis for your market operations?

We have our own research analysts who study balance sheets on a continuous basis. Some of my staff could give you 200 companies balance sheets orally! We also have the support of UTI Investment Advisory Services which was set up under SEC regulations for the India Growth Fund. Additionally, we have the support of the Institute of Capital Markets. Also, we value what brokers have to say.

We choose our brokers, based on three criteria. First, capital adequacy measured by the size of their previous trades. Second, their research capabilities as reflected by the quality of company analyses that they may do for us. Third, their integrity — whether they have ever been in default with the stock exchange, have they kept our transactions confidential, etc.

How would you grade them?

This year, we graded our brokers on a nine-point formula — three for each criterion. Out of the 300 on our list we shortlisted 13 brokers in Bombay and



I's dealing room: hub of a Rs.21,000- crore fund

ss block has increased over the past, at is the expansion/diversification n, earnings per share, and, most im- tant, management quality and track ord towards shareholders. For exam-, UTI started buying Indian Rayon the ment it was known that the Birlas had en over." Research turnaround is quick, with buy-watch-sell recommendations and earnings forecasts available within 48 hours.

The different funds within UTI work with targeted rates of return that have recently been raised from 25 per cent to 35 per cent thanks to the rise in call money rates. Although di erent funds have different strategies, there is a common emphasis on secondary market purchases (which account for 90 per cent of total equity purchases). This has a price disadvantage as primary allotments are almost always cheaper. But, as Kapur notes, given UTI's large volume of funds and the low volume of primary allotments, it is inevitable.

All this is not to say that the quality of UTI's research bears hallmarks of excellence. It is typified more by a sincerity of approach than savvy with regard to market timing or a deep understanding of markets. But because markets have risen, its buy and hold strategy has paid richer dividends than is possible for the smartest trader playing on borrowed funds and liquidating periodically for personal cash flow reasons.

Good research

Nevertheless, of all the mutual funds, UTI gets the highest marks for researching stocks. Also, unlike some others, it carefully maintains a Chinese wall between its lending and equity investment divisions so that information is not misused.

ve given them hot lines. Even then, ensure that no single broker gets ore than 5 per cent of UTI's business.

ow independently do your fund- anagers operate?

ey operate more autonomously now ter I assigned them separate areas. e are moving towards a system here they consult investment and fi- nce departments and interact with ch other but I would like their deci- ns to prevail.

o you allow inter-fund transac- ns?

e allow new schemes to purchase ares at market value from an exist- g fund for a year but do not allow old hemes to do so.

ow do you monitor the integrity of ur managers?

of today, there are hardly any com- aints on the integrity of market erations.

r what period on an average do u hold an investment?

ound six years.

w diversified is your portfolio?

Our growth schemes are basically equity-oriented with 90 per cent investments in equity, while our monthly income schemes have only 10 per cent equity investment. US 64 units which provide more or less fixed income have an equity content of 28 per cent.

Again within a particular industry we would not invest more than 15 per cent even if the sector is booming, such as cement right now. Invariably, however, because of liquidity considerations, scrips in the BSE 30 Sensitive Index list figure strongly.

What is your strategy for deposit mobilisation?

I prefer to do it via spreading the unit cult among people and I'd like to market funds which are easily intelligible to them. As our results show, we get substantial sums in smaller amounts this way. In the metropolis, of course, competition for money is very aggressive. We have reached the stage where if we raise Rs.100 crore, my managers think the issue is a flop. Adding only 200,000 to 300,000 investors a year is not enough. For example, in UGS 2000, we reached a count of 1 million investors, and 95 per cent of the applications were single applications.

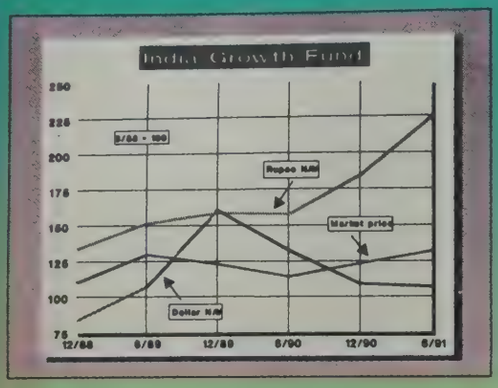
Scheme	Return to investor (%)	Minimum lock-in period (years)
U.S. 64	13.00	Open-ended
Unit Linked Insurance	13.75	Open-ended
Charitable trust	15.00	Open-ended
Capital gains	9.00	Open-ended
Childrens Gift/Growth	12.50	Open-ended
Parent Gift/Growth	12.50	Open-ended
Deferred income	Growth	5
UGS-2000	Growth	2
Monthly income/growth	13.80	3
Master equity plan	Growth	3
Mastergain	Growth	3
Mastershare	Growth (35% p.a. to date)	Listed

How good are UTI's market operations? And how does it compare with the public sector's traditional reputation for often shady dealings with disreputable brokers — inside deals with benefits for all at the expense of the investor? Mayya is of the view that until Securities and Exchange Board of India (SEBI) is constituted, the issue of whether mutual funds are ethical must remain an open question. However, he gives UTI high marks for integrity. "UTI has always had an excellent reputation in market operations. It has never given any cause for apprehension."

Kapur concedes that in the absence of

The international funds

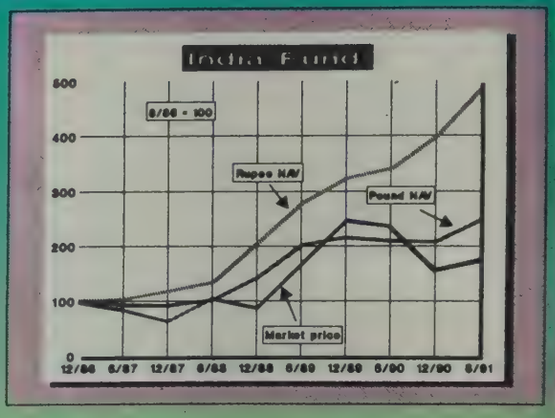
UTI's India Fund (IF) listed in London and India Growth Fund (IGF) listed on the New York stock exchange have raised 130 million pounds since July 1986. Since its listing in September



1988, IGF has appreciated by 127 per cent in rupees and is currently worth Rs.150 crore; in the same period, IF has risen by 184 per cent and has a market value of Rs.825 crore. However, the depreciation of the rupee has hurt its otherwise spectacular performance.

Dividend policy is conservative and both funds tend to invest in large capital scrips. Trading volume averages a moderate 50,000 shares for both funds, although the IGF tends to move with American stockmarkets while the IF is more affected by India-specific events. Institutions hold about 70 per cent of each fund. Recently, M.I.M. Ltd, a British company — probably owned by a non-resident Indian — picked up 8 per cent of IGF's shares at prices ranging between $13.95 and $18.56.

Like most country funds, both funds trade below the intrinsic value per share, or net asset value (NAV). However, when the Indian economy boomed in 1989 and 1990, both funds quoted at premiums to NAV crossing 20 per cent. Mahesh Gandhi, deputy general manager of the international funds division, notes that the Iraq war changed attitudes abroad because of higher currency risk — the IF started quoting at a discount from August 1990. In mid-May, its discount had reduced to 8 per cent, but Rajiv Gandhi's



assassination pushed it upto 28 per cent.

Gandhi notes that although UTI has four more foreign funds lined up, ready to raise about half a billion dollars, political stability is awaited.

computerised trades, it is impossible to maintain complete broker honesty. At the same time, he emphasises that UTI has a system which rates brokers on research, capital adequacy and integrity. Over the past year, UTI has weeded out several brokers who did not make the grade. A change from the past? Not really, says Kapur. The difference under Dave is that the rating system is now formalised. Also, as Kapur states, UTI gives its broker a price limit after factoring in a brokerage. It is up to the broker to get that price, regardless of his own cut.

G.S. Patel is a stern critic of the way mutual funds operate in stockmarkets, although he singles UTI out for praise. "Most of the new breed of mutual fund managers are like cowboys," says Patel, "or people who play poker without looking at the cards. This is because they are from banks and do not have experience in market operations."

The introduction of the rating system and similar modifications in systems is evidence of a big internal change in UTI.



Kapur: "Prices reflect fundamental factors"

Since becoming chairman last year, Dave's mission has been to consolidate UTI into a more manageable structure.

Dave views decentralisation as one of his important on-going tasks. Until he took over, UTI's 25 branch offices did not have the authority to issue any cheques even for electricity or rent; their cash spending limits were a mere five rupees. Similarly, investors desiring to cash units up to Rs.25,000 had to frequently wait for one of UTI's four regional offices to issue the cheque.

The next step, A.N. Palwankar, general manager for personnel and administration, notes, is to convert regional offices into zonal offices which will control the fund mobilisation and client servicing of branches under their jurisdiction. The head office — currently in control — will become a corporate office with policy and review functions only. The investment function will, however, remain in Bombay. The restructuring has been planned by S.K. Bhattacharya, a firm of management consultants.

Mammoth paperwork

Although client servicing is already computerised, UTI has a mammoth internal paperwork problem. On 3 June, CMC, the Bombay-based computer firm, was awarded a Rs.10-lakh contract to study hardware and software requirements.

Dave has also stressed improvements

n labour relations. After formal delinking from RBI in 1977 — when 93 per cent of its staff returned to RBI — UTI has worked hard to build a cadre of loyal staff. Labour turnover has historically been low — last year, only five people left the organisation. For the first time, UTI has recruited 12 fresh IIM graduates this year. Palwankar hopes to retain this notoriously fickle group by offering them significant responsibility. "Where else", he asks, "could a fresh graduate manage a Rs.100-crore fund within 5 years of employment."

Salaries are high — the average officer earns Rs.6,000 per month apart from housing, while other staff average Rs.4,000 per month. As a productivity boosting measure, a 5-year settlement signed in November 1990 gives UTI's 1,300 employees (600 of whom are officers) higher wages, in return for a commitment to flexible assignments. A self-appraisal scheme has also been introduced from this year.



The institute of capital markets at Vashi, near Bombay

The success of US 64

Over 50 per cent of UTI's funds since 1988 have been raised through sales of Unit Scheme 64 units (*see chart*). Its success was because US 64 units offered a yield of 13 per cent (about 3.5 per cent more than inflation and a per cent higher than the highest bank rate) with complete safety, instant liquidity and modest growth of 1 to 2 per cent per annum.

However, the return did not reflect the capital appreciation of the fund at all which has, on average, exceeded annual inflation by 10 per cent. Why did UTI not pass on the benefit?

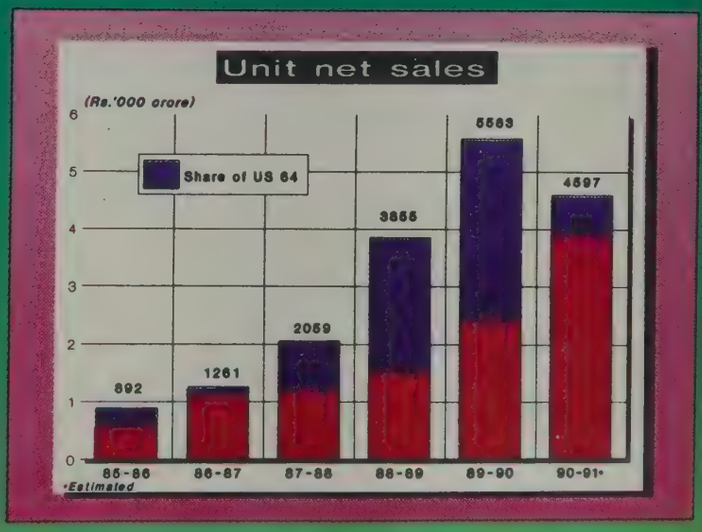
The reason in the early days was to build investor confidence. The scheme had about 25 per cent of its funds in stockmarkets. If UTI paid out all its earnings every year, annual payouts would fluctuate in accordance with market movements and perhaps destroy the fragile confidence of investors unused to stockmarkets.

Corporate tax benefits. The result has been that savers have been denied the benefit of capital appreciation estimated at over twice the current repurchase price. The success of units is attributable to its corporate tax benefits as, till 1990, dividends received from units were partially tax-exempt (upto 60 per cent). Not surprisingly, over 80 per cent of US 64 investors are corporate bodies attracted also by its liquidity and predictable returns.

This helped sales as long as bank interest rates were fixed, but it hurt when interest rates were liberalised after 1986. For example, there was a funds crunch in March 1990 when call money rates crossed 70 per cent per annum and over Rs.600 crore units were resold to UTI. A change in tax laws in 1990, exempting corporate dividends from tax only if paid out to shareholders, hurt sales to large public sector units that paid out modest amounts.

In July 1990, in order to reduce the corporate stake, UTI raised sale-repurchase spreads from 4.7 to 5.7 per cent of sale prices and halved brokerage commissions on corporate business. Also, the scheme was aligned with rapidly changing money markets, by switching from monthly to fortnightly prices announcements.

The new strategy worked just right. Net corporate sales (after repurchases) plummeted to a negative Rs.90 crore for the 12 months ended March 1991 from Rs.2,150 crore in the corresponding previous period.



Meanwhile, with over Rs.6,000 crore of units still in corporate hands, secondary market trades in units have remained active at Rs.100 crore per day on average. Volumes pick up in May each year as corporations desiring tax-exempt dividend buy units, receive the July dividend and resell the units in July for a deductible capital loss. Banks actively finance such deals, the main players being the Bank of America and Citibank.

Schemes and schemes

Fixed income schemes constitute 85 per cent of UTI's sales as "our surveys show that investors want safety first", says A.K. Thakur, general manager for planning and development at UTI.

This view is common among mutual funds, notes SBI Capital's S.M. Parande. UTI's fixed income schemes offer annual returns ranging from 12.5 to 15 per cent with the most popular — the monthly income scheme with bonuses and growth (MISG) — offering 13.8 per cent payable monthly, plus any capital appreciation at the end of the scheme. Innovative variations are necessarily few, given the narrow range of returns of such schemes.

UTI decided against competing with Canbank Mutual's Canstar and others which raised Rs.2,000 crore since last August 1990 with their double-in-five-years offerings (implying a return of 14.8 per cent per annum).

Interestingly, with the decline of the US 64 scheme in 1990, closed-ended schemes — ie, those which tie up funds for a fixed period — raised 65 per cent of the total funds compared to 29 per cent in the previous year.

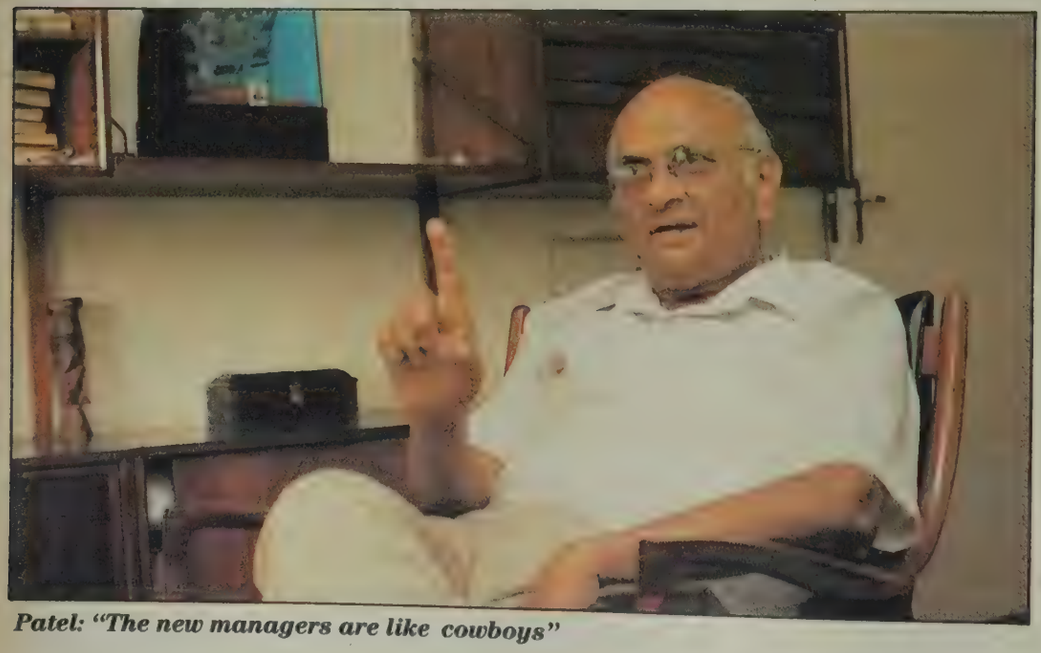
Real strengths. A 64,000-strong agent network, which brings in 95 per cent of the business, and good customer service, are UTI's real strengths notes former chairman M.J. Pherwani. G.S. Patel adds, "As most clients are small investors, tax advantages are not — as commonly perceived — the major attraction."

Patel feels that UTI should pioneer rural marketing of mutual funds. Less than 10 per cent of UTI's sales are rural, despite higher commissions for rural business. Thakur feels that this is because servicing a scheme is costly for investors in the far-flung, rural areas.

After Mastershares, UTI has not listed any more schemes on stock exchanges. Its managers worry that investor confidence could be affected if the schemes quote at discounts to book value — as has usually been the case with Mastershares. A similar concern is expressed about promoting a true mutual fund, ie, one whose sale and repurchase takes place at intrinsic worth (or net asset value).

Such concerns are misplaced. Listed schemes and true mutual funds provide investors with invaluable liquidity and diversification opportunities and have been a success worldwide. Although often quoted at discounts to underlying book value, the market value of such schemes invariably rises, as the case of Mastershares proves (*see chart*) when book value rises.

UTI's advertising is lacklustre. Thakur, however, feels that proper targeting and a widespread network of well trained agents are more important than aggressive advertisements.



Patel: "The new managers are like cowboys"

Dave feels that the internal changes have already paid off: the number of investors recorded its highest growth in 1990 when over 3.5 million accounts were added, taking the total past the 10-million mark (*see chart*). Most of the new funds have poured into the phenomenally successful monthly income schemes which will yield Rs.2,500 crore in 1990-91, compared with Rs.890 crore last year. Significantly, the advertising cost per account has also fallen last year (*see chart*).

Dave gets high marks from his peers for his year at UTI. G.V. Ramakrishna, chairman of SEBI, who in recent times has sharply criticised mutual funds for their failure to disclose information adequately, praises UTI's level of disclosure and customer service.

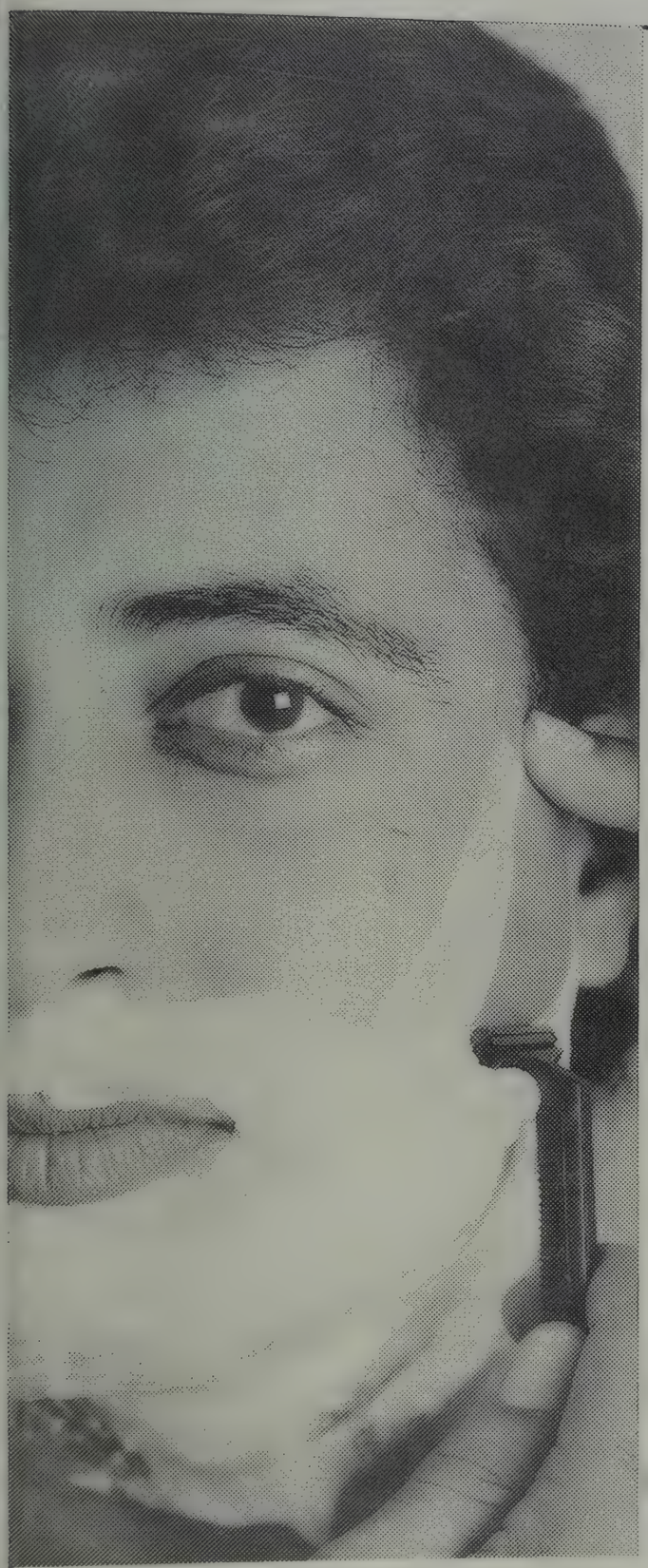
Unrestricted access

Ramakrishna is critical, though, of the mutual fund industry's unrestricted access to investors and suggests an approval procedure similar to a company raising funds for a project. "Otherwise," he argues, "this could even distort savings and investment patterns in the country as funds invested for fixed returns currently chase a limited amount of equity."

Dave, however, argues that "as long as a fund's investments are consistent with its goals, be they fixed returns or growth, why should it matter how much is raised?"

As the unofficial spokesman for the mutual fund industry, Dave would like to be around to answer these and other crucial questions. Yet, when the current political uncertainties subside, Dave's continuance as chairman of UTI will certainly be up for question — if the sorry past practices of most of our politicians is a guide. As the person in charge of a Rs.21,000-crore fund, his job is considered to be politically sensitive. His predecessor was removed on political grounds. Dave, however, appears unfazed by this possibility. He is a man who obviously relishes his job and has managed to steer his own way in the company, building up a loyal group within the firm in the process. His insistance on building systems shows the seriousness with which he approaches institutional development. No doubt, as UTI moves further into the nineties, he has his work cut out for him. ■

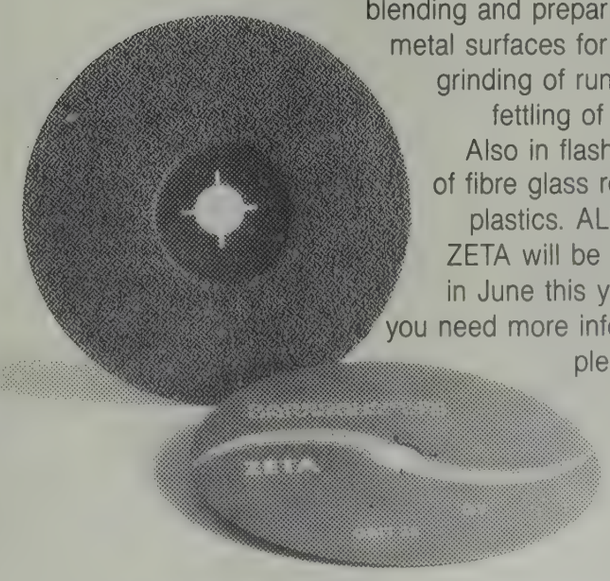
RAFIQ DOSSANI and POONAM CHAWLA



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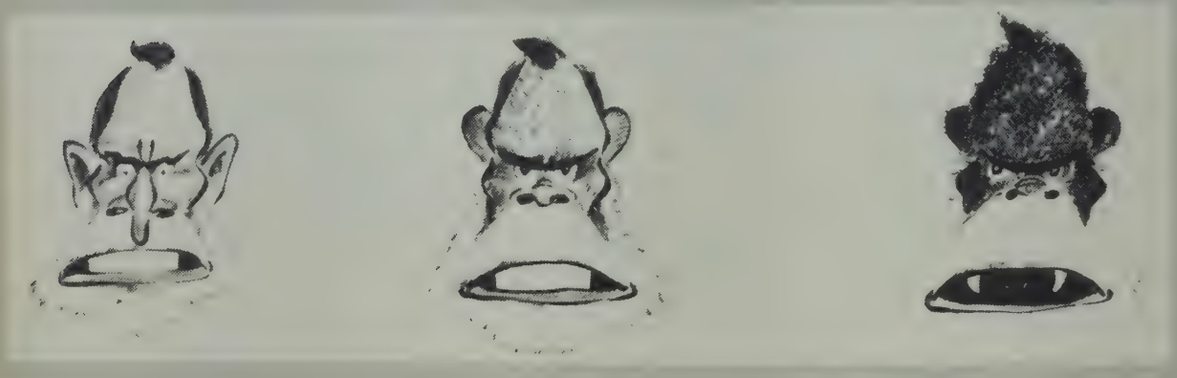
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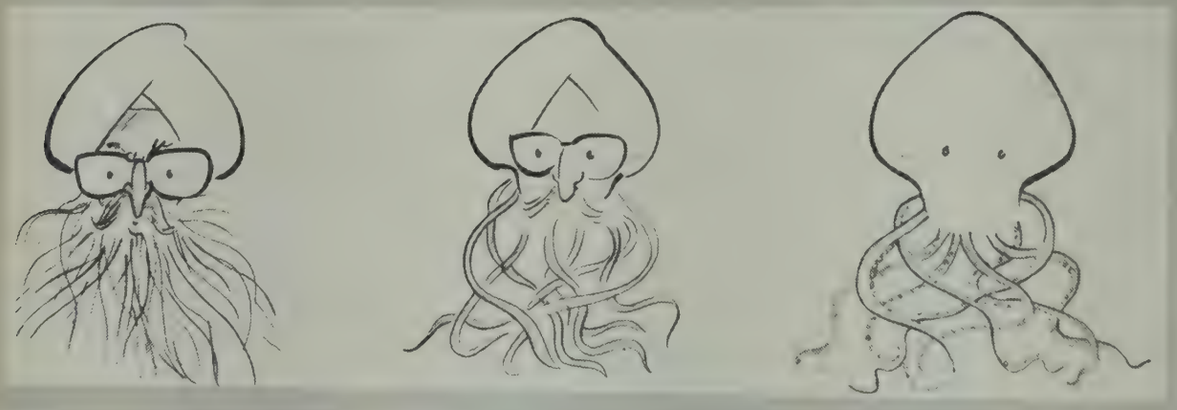
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Animal Farm

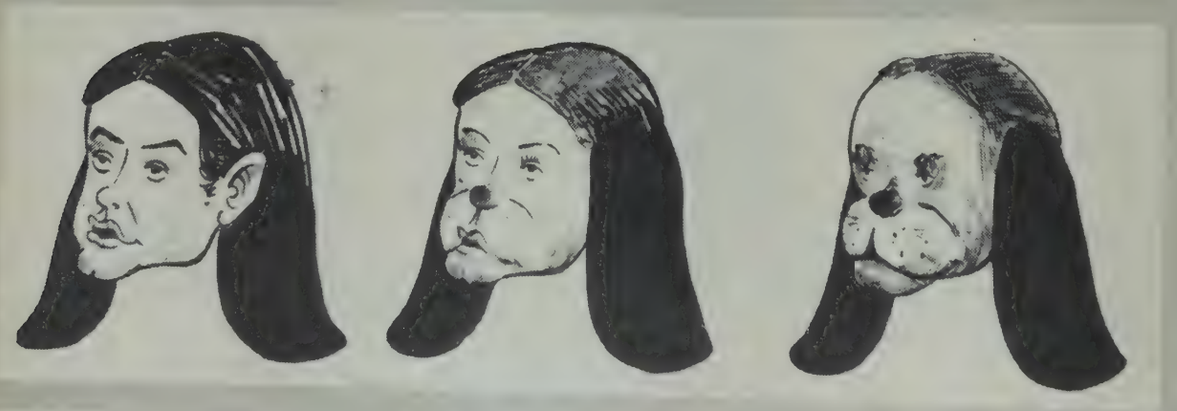
George Orwell took the idea to its apotheosis in his now great novel. For better or worse, for aeons, politicians have always been compared to animals. Business India *cartoonist, Dhirendra Kumar Shrivastava, better known as Dhir, used this seemingly unbreakable linkage for a series of drawings that were recently exhibited at the Press Club of India in Delhi. The 37-year-old Dhir, based in Delhi, has built up a reputation over the years for his incisive political cartoons.*



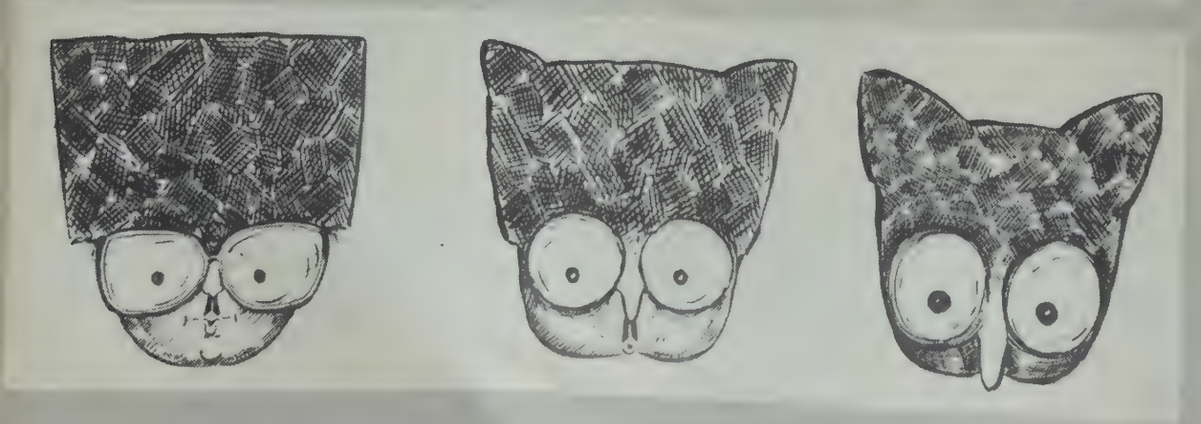
Chandra Shekhar



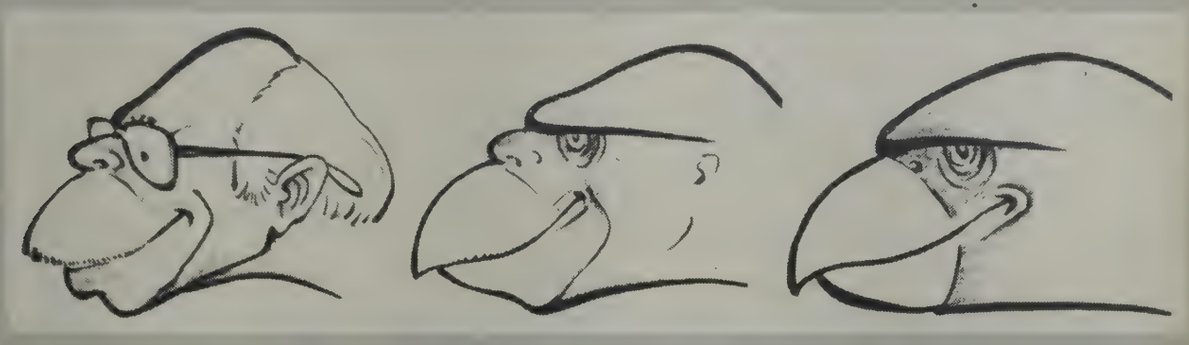
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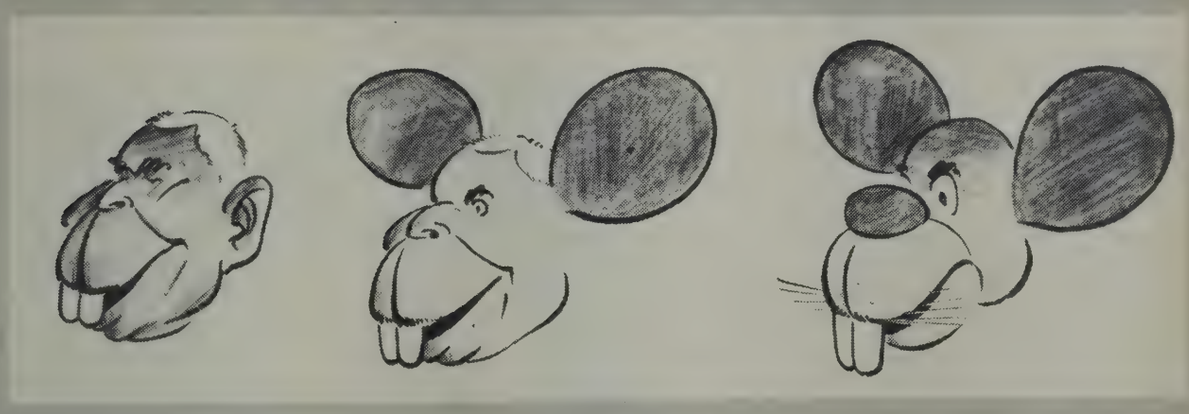
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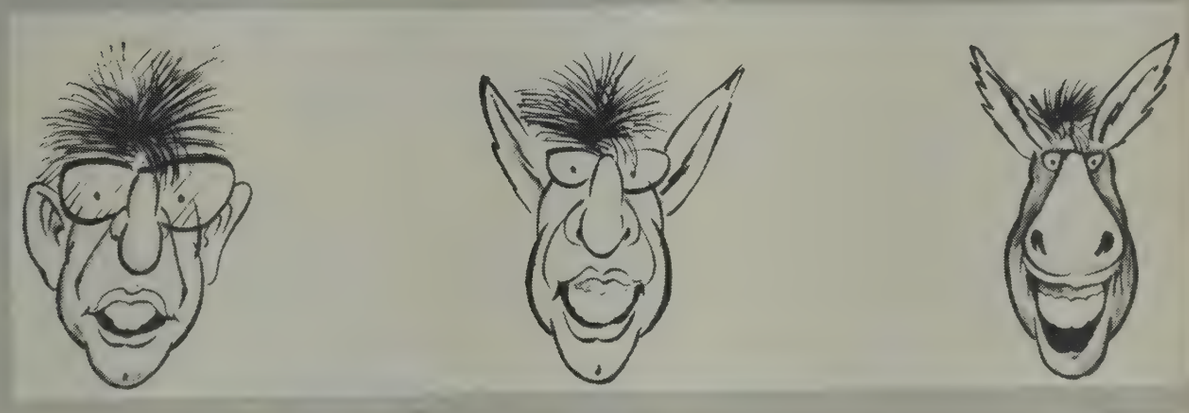
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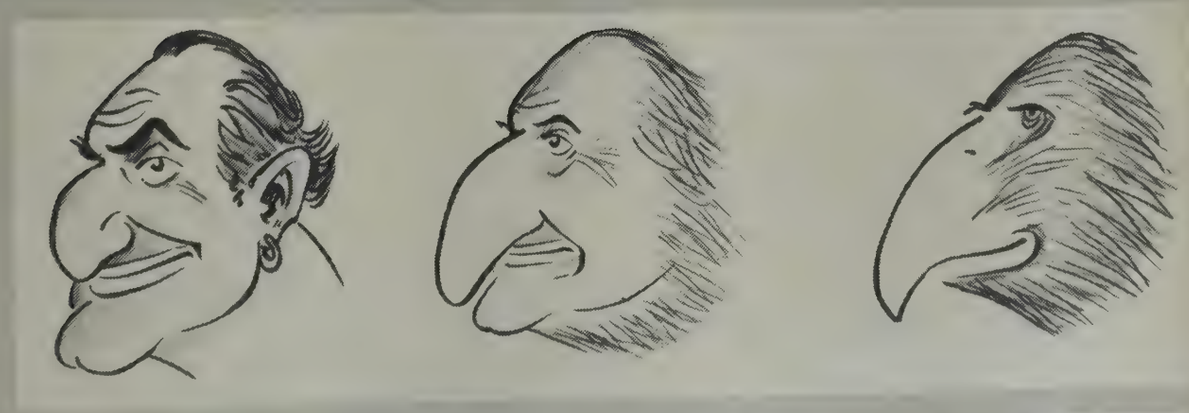
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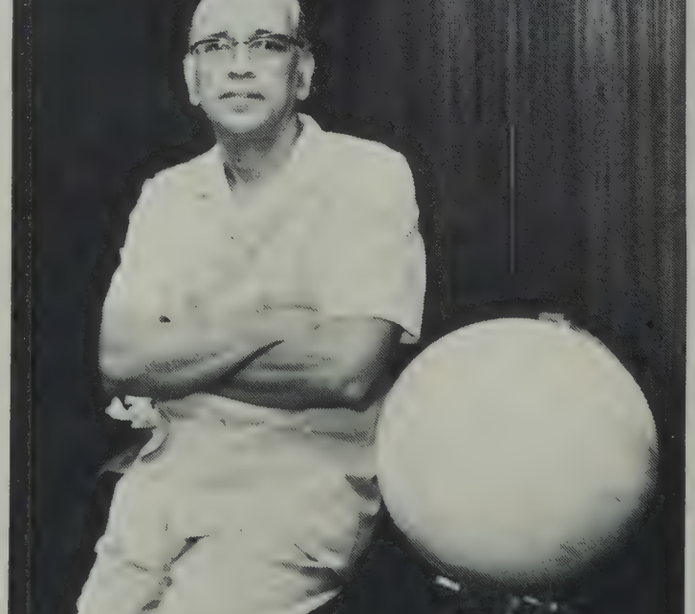
P. Unnikrishnan

GIC

No real competition

The company has grown well in the last two decades thanks to its monopoly position. But the customers have really got a raw deal due to price inflexibility, product standardisation compounded with prevalent low employee morale and corruption. The question is why should a service industry be nationalised?

Photos: Deepak Tolani



GIC's Mony: emphasis on service

Last month, the general insurance industry in India celebrated two decades of its nationalisation. On the face of it, the industry had a lot to boast about. Businesswise, it has grown at a steady rate of 16.6 per cent annually since 1971 when it was nationalised. Its net premium income, has grown from a paltry Rs.222.34 crore in 1973 to Rs.2,800 crore in 1990-91; its profit before tax has gone up from Rs.38 crore in 1973 to Rs.500 crore by 1990-91; and its investments from Rs. 316.68 crore in 1973, to Rs.3,409 crore by end-March 1990 in socio-oriented and other avenues.

Unlike in the banking sector where 20 individual banks retained their identities even after nationalisation, or the life insurance where nationalisation helped to produce a giant size monolith, the general insurance industry evolved a unique structure through nationalisation in 1971. To avoid 'unnecessary competition' but yet to retain a degree of competition in premium rates, four companies were kept alive, headquartered in four regions — New India Assurance Co Ltd in the western region, Oriental Insurance Co Ltd in the north, National Insurance Co Ltd in the east and United India Insurance Co Ltd in the south. The earlier 107 small companies were amalgamated to one of the four.

To control and supervise

Over these regional subsidiaries was formed a holding company, General Insurance Corporation, the function of which "is to make policies for transacting general insurance business on sound lines, exercise control and supervision over the four subsidiaries and co-ordinate their activities", says B. D. Shah, chairman and managing director of New India Assurance, who was till recently managing director of GIC. The holding company has sweeping powers, from allocating finances for projects at the consortium meetings and overseeing subsidiaries' investments to devising new products and fixing their tariffs as well as employees' salaries and agency commissions. (Except for aviation and reinsurance, the GIC has no insurance business activity of its own.)

GIC has grown sizeably since then. Today its operations are spread over 31 countries through branches and agencies in 17 countries and subsidiaries in 14. Between 1985 and 1990, the direct premiums from its foreign operations totalled Rs.402 crore. And it has gained respect internationally for its professionalism.

However, all is not that well with GIC. Despite its monopoly position, the company, for the past two consecutive years, posted underwriting losses — of Rs.106.84 crore in 1988-89 (as against a profit of Rs.56.31 crore of 1987-88) and Rs.121.49 crore in 1989-90.

But GIC's new chairman, S. V. Mony is not much worried about these losses. According to him, these losses have mainly been due to increased risk in motor insurance and large provisions made in the past two years for the unexpired risks. Insurance companies create a special reserve for unexpired risks — those risks which spill over from one accounting year to the next. Of the underwriting loss of Rs.121.49 crore in 1989-90, Rs.181.5 crore were provided for unexpired risks. This, explains Shah, is a prudent accounting practice and amounts only to a "technical loss"

As for the increased risk in motor insurance, Mony admits, "Our premium base is not wide enough to cover the losses arising out of increased road risk." In 1989-90, for instance, for every Rs.100 collected as motor insurance premium the claim payouts were Rs.111, as against Rs.89.9 in 1985. The new Motor Vehicles Act, which came into force in 1989, has placed an enhanced liability on the insurance companies. Under the act, the companies have to pay unlimited compensation to passengers and pedestrians in case of an accident. Earlier, the maximum compensation payable to road accident victims was Rs.15,000. Now it varies anywhere between Rs.50,000 and Rs.one lakh. Says Mony, "While human life valued higher is a socially positive sign, for the balance sheet of the insurance industry it is not."

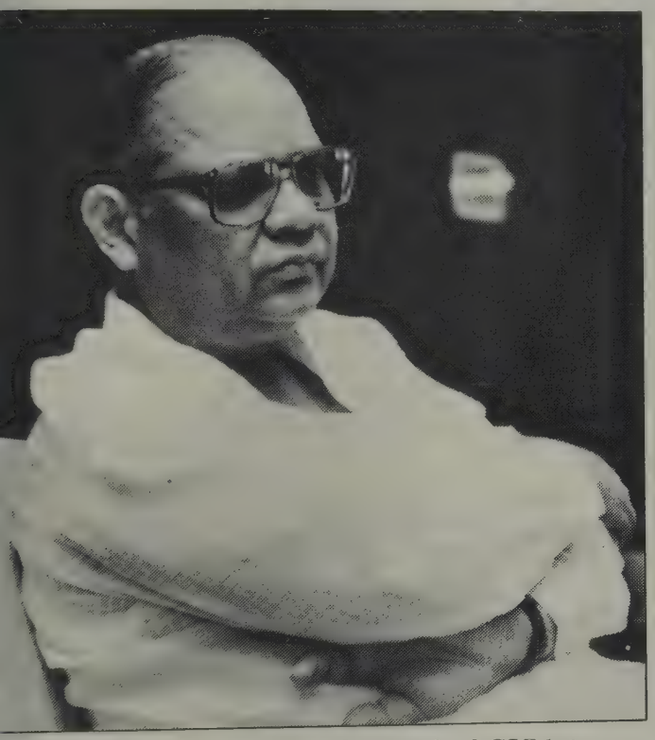
Insurance business is ruled by the law of probability. The wider the client base the lesser the claim risk. To improve on this, the motor tariff has been jacked up significantly in April 1990. Says Mony confidently, "The losses for 1990-91 will be cut by half compared to the previous year."

However, losses are not the only problem the GIC faces after 20 years of existence. Even as the claims ratio has increased, especially in motor insurance, unviable premium rates (mainly to popularise general insurance) and rigid systems have taken a heavy toll on customer service — the touchstone for efficiency in any service industry. The system has given rise to corruption resulting in a declining employees' morale coupled with open disobedience of some classes of em-

ees. And the poor quality of service es the basic question: why should a ice industry be under government trol?

phasis on service

y insists that "service and not growth rofits" will be his emphasis during the eties. Having spent more than 30 years he insurance industry, Mony carries h him a varied experience — from the ional and international markets. Soft-



mer chairman Ashok Goenka: pushed GIC into ial schemes

ken but assertive, Mony instills confi-nce among his colleagues.

nsurance industry, Mony explains, will w as the country's insurable assets in-ase. The fact that in a little less than decades, the industry has reached a al net premium income of Rs.2,200 re and an investment portfolio of 3,500 crore, supports Mony's claim. t will Mony succeed in making the gen-l insurance industry more responsive customer needs?

The objective of setting up four sub-iaries was to introduce an element of npetition and ensure better customer vice," says Shah. But is competition operating principle in the general in-ance industry? To begin with, the four sidiaries offer the same products (in-ance policies) at the same rates. There about 100 odd products that they of-— all of them devised by the GIC and erned by the tariff it fixes for them. Admits G.V. Rao, chairman and manag-ing director, Oriental Insurance Co, "Though the insured have a choice of selecting an insurance company... price-wise, there is hardly anything to choose from in a majority of products. Rather, the trend has been...to standardise the products as also the price." Of course, innovators such as M. J. Pherwani, National Housing Bank (NHB) chairman who spent several years in the GIC, feel that "Competition among the subsidiaries could be in devising products outside the tariff", as insurance can cover anything, from roads and lakes to an artist's thumb. But that has hardly happened.

Again, though the four subsidiaries have a primary responsibility to their own regions, they can also write business anywhere in the country 'in a true competitive spirit' as the GIC would put it. However, regional presence has its own advantage. "The business any company acquires is a reflection of the drive its chief has," says Mony.

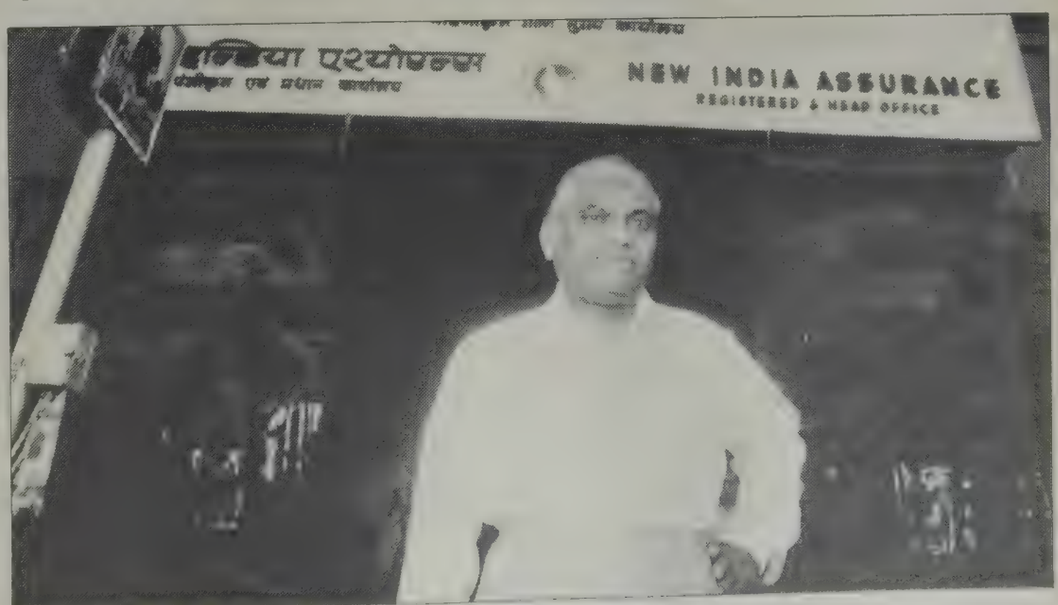
And what he says is true, not only of the company as a whole, but of the regional offices or even branches of these companies. He cites the size of each subsidiary today to prove his point. "At the time of nationalisation, special care was taken to ensure that each subsidiary started on more or less the same business level," he says. But despite starting at the same capital, reserves and premium income base, today one company (New India Assurance) is much ahead of the other three, which shows its competitiveness (*see table*).

On their toes

The concept of co-insurance too keeps the companies on their toes. Theoretically general insurance policies are of one year duration. Thus, a client can, if he desires, change his insurer every year. Also he can have more than one insurer for the same business or offer a new business to a new insurer. The insurer, on the other hand, competes with others in asking for a share of the existing business or in a new business. Getting or keeping the business in this event becomes entirely dependent on service, which keeps the company on its toes, as otherwise it may lose its share. Says Mony, "As a result of this, the companies, especially the medium and the large ones, are often overserviced."

In co-insured business, the lead insurer gets 40 per cent of the business and the other three subsidiaries automatically get 20 per cent each. Says Shah, "There are instances where New India Assurance has had 80-90 per cent share of the business and only the rest was distributed among the others." For instance, New India being originally a Tata company, its former sister concern even today keeps their entire business with it. But the client has the option to change the leader who is responsible for servicing him, Shah insists.

The insurance companies have to run faster to retain business and grow, and that benefits the customers a great deal. Yet, while the large clients are overserviced, the rest of the clientele constituting



New India's B.D. Shah: disclaiming tariff violations

60 per cent of business, end up receiving inferior service.

However, co-insurance helps GIC fetch foreign exchange into the country. It achieves this objective by first using up all the risk-bearing capacity available in the country, before reinsuring abroad.

Says Pherwani, "Thanks to the strong asset base the GIC inherited and its subsequent efficient funds management, the risk-bearing capacity of the industry is very high." According to Mony, almost 85 per cent of the business is today retained within the country. On the other hand, the low premium rates prevalent here brings much foreign reinsurance business to the country. As a result, the industry is a net foreign exchange earner for the country.

Surprisingly though, the GIC has taken up the unremunerative rural business on its own initiative. Many credit Ashok Goenka, the former GIC chairman, with taking up this social responsibility. The government has not forced targets on GIC. Its business under social schemes is less than 10 per cent of its total business. Also, schemes such as crop insurance or the hut insurance, meant for the rural poor and which are loss making, are administered by the GIC for the government. Nor has the government interfered in GIC's functioning in any manner, as a result of which insurance industry has not only remained professional but is also a healthy profit earner in the public sector.

GIC and its 4 subsidiaries at nationalisation and now *(Rs crore)*

	1971	1990-91*
Gross direct premium income	184.26	2,781.0
Net premium income	222.34	2,800.0
Investment income	20.50	500.0
Profit before tax	38.10	501.0
No of employees	25,057	79,014

**estimated*

Poor service

But this takes the policy holder nowhere. Comments a policy holder, "The service in all the subsidiaries is equally bad. All the insurance companies agree that competition is supposed to be only in services and not in tariff rates. Says Pherwani, "Tariff is a blue book and is not to be violated."

However, in a bid to get business, tariff is often breached by the subsidiaries. Says K. S. Samant, joint secretary, General Insurance Employees' All India Association, "To benefit the insured, the tariff is often breached through interpretation." For example, buildings can be classified as category "A", (superior quality) when they are not, only to charge lower premium. "I discovered a leakage of Rs.1 crore in the premium income during a particular year through this route," says a former CMD of one of the subsidiaries. Mony too confirms that there are at present, more than 10 cases of breach pending hearing with the Tariff Advisory Committee. (The TAC has been in existence even before nationalisation, only its composition has changed.)

Says Shah, "A breach cannot go unnoticed as the loser company is bound to make a complaint to the Tariff Advisory Committee of the GIC." And the premium lost has to be recovered. But attempts to recover the loss are not always successful, because, in a bid to retain the client, the new entrant almost invariably pays only lip service to recovery.

Mony admits that there are clients which are not allowed to shift companies but the number is very few. In fact, says he, only ONGC, Oil India and ISRO fall in this category. The reason, for this restriction, according to Mony is that servicing such business requires technical know-how which has been developed in certain companies at high cost. And therefore, it is not cost effective to let these accounts change hands too frequently.

The insurance companies have no quarrel with GIC's role in their business, including approvals of their investments and sharing the consortium loans agr by the GIC. They follow GIC's guidel probably because "the decisions taken by consensus". All policy level di sions are taken after deliberations what is popularly known as the 'c meetings in which the chief executive the four subsidiaries, managing direct of any two of them and the chairman GIC participate.

Industry perspective

Yet when it comes to the crux of the ins ance business — service — the GIC cor out poorly. At the top management lev GIC follows inter-company transfer po cies for all the five companies. Says Ori tal's Rao, "This gives us an indus perspective. And we become profe sionally loyal to the client." In oth words, for executive staff in the indust professional advice to the client is the timate objective and not 'getting' t business. But this rarely happens. Ofte the clients get transferred with the ma ager because to the client, basically it the service of the individual that matte and not service of the company which similar everywhere.

The middle level executives, on t other hand, are demoralised on accou of vigilance. Claims settlement proce has suffered significantly on this cou and so has individual initiative. Even ot erwise, being complex, the claim settl ment process takes a long time in gener insurance industry. Says Ashok Goenk chairman of GIC till early this year, "Ur

Growth of 4 subsidiaries *(Rs crore)*

	National	New India	Oriental	United India	Years
Gross direct Premium income*	436.88 (20.08)	648.13 (29.80)	486.17 (22.38)	581.54 (26.74)	1990
	39.64 (21.51)	44.45 (24.23)	49.00 (26.59)	45.30 (24.44)	1973
Net premium income	348.46	569.66	380.66	452.75	1990
	41.21	49.18	55.66	40.15	1973
Gross investment income	67.46	130.76	73.51	81.02	1990
	4.71	4.99	5.95	4.08	1973
Increase in reserves for unexpired risk	31.95	63.46	40.92	45.18	1990
	0.10	5.90	3.21	2.37	1973
Management expenses	113.38	163.64	118.43	132.17	1990
	9.68	10.63	12.11	10.60	1973
Net commission	11.01	18.95	15.10	21.47	1990
	3.42	4.22	5.37	2.68	1973
Underwriting profit	-40.06	-29.29	-29.51	-22.63	1990
	5.76	4.91	5.39	2.17	1973
Profit before tax	27.72	101.18	42.66	57.14	1990
	10.04	7.68	10.60	6.60	1973
No. of employees	17169	21336	17516	18634	1990
NA	NA	NA	NA	NA	1973

figures in brackets are market share



ational's Y.D. Patil: staff unions agitate on minor issues

e in life insurance, where the quantum claim is predetermined, in general in- rance decisions on claims have to be bjective because from the occurrence the event to the claiming of the nount, everything has to be determined er the claim." Besides, the nature of ims is varied and if no discretionary wer is given to the claim-settling au- rity, the clients will suffer.

In motor accidents claims tribunal, for stance, a case takes 3-10 years to come for hearing. In the bargain, the insured ffers and all the energy expended by insurance companies to get the busi- ss go waste.

While the management is reluctant to e decisions for fear of inquiry the staff s away with their actions under union otection. Says Y. D. Patil, chairman and naging director, National Insurance , "The industry takes care of its em- oyees' demands well in time. So the ions get time to take on minor issues d agitate." Issues like transfers within same town or city or overwork (cleri- staff have a fixed minimum daily ota of typing policy documents which quire only filling the blanks) are issues which one-day strikes are quite quent.

rst hit

sufferers, of course, are small insured d the in-between cadre of development icers who were earlier called the in- ctors and whose main function was to vide interface between the agents or client and the management. Says a de- opment officer in the Oriental Insur- ce Co, "We are the worst hit because our remuneration is linked to the total business we canvass. But client servicing, which is vital to canvassing business, is not in our hands." Major aspects of client servicing are issuing documents and set- tling claims expeditiously. The question- able productivity of the staff and the indecisiveness of the management make it difficult for the development officers to face clients.

Mony wants to change all this. First, he wants his marketing strategies intro- duced. Combined product marketing is one strategy to sell products. GIC Safe, a product offered by the newly launched GIC Mutual Fund, has the householder's policy attached to it. The premium will be paid by the mutual fund and the claim settlement for such policies has a special faster route. Says S.K. Mitra, managing di- rector, GIC Mutual Fund, "It is a good ve- hicle to market insurance policies." Similarly, Mediclaim is offered by Andhra Bank along with one of its deposit schemes. The mutual fund has mopped up Rs.250 crore already, indicating that the strategy is working right.

But Mony is cautious. Says he, "It is a double-edged sword. While such a combi- nation opens up a new potential, our men will have to closely follow it up to get the benefit." To explore the rural potential, Mony has introduced a cost-effective pro- gramme. "We have selected 80-100 dis- tricts for making a concerted effort in marketing insurance there," he says. The districts are selected on the basis of a rural marketing index on potential insur- ance business devised on the basis of available data.

To alleviate customer grievances too,

Overseas operations

The GIC is represented either directly or through branches in 17 countries and through associate/locally incor- porated subsidiaries in 14 other coun- tries. Though one major market, the US, is still untapped, the foreign oper- ations in other countries have been profitable, with net premium income of Rs.714.36 crore and profits of Rs.36.85 crore between 1976 and 1989-90. The profits were 5.2 per cent of the net premium income generated abroad.

Among the subsidiaries, India Inter- national Insurance PTe Ltd, a fully owned subsidiary of GIC, incorporated in 1988, has outshone the others. Ter- med the second largest in Singapore, it had grossed direct premium income of Rs.42 crore in 1990. The performance of two joint venture companies in Mal- aysia and Kenya too is promising.

Minor losses. The United Oriental As- surance Sdn Bhd is a joint venture company between Malaysian interests and minority shareholding by Indian insurers. The unprofitable motor port- folio has caused some losses last year and is now being pruned. It has been decided to sell the life business.

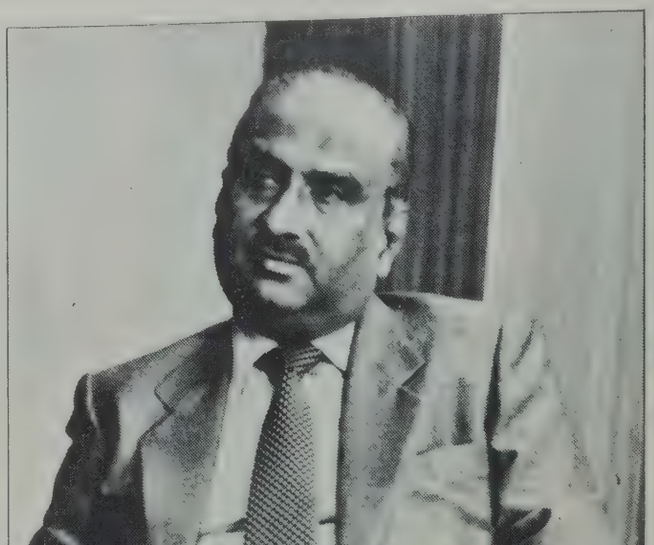
The Kenindia Assurance Co Ltd, a joint venture between India and Kenya, was promoted in 1978. Indian companies have majority sharehold- ing. The company has been consis- tently declaring dividends besides issue of bonus share from time to time.

India International Insurance Co was set up in January 1988 as a wholly owned local insurance company in Singapore by merging operations of all the four companies in Singapore, with an initial paid up capital of S.$10 mil- lion. The company, in the very first year, showed a net profit of S$1.215 million and S$1.762 million in 1989. Profits for 1990 are estimated at S$2.1 million. This will enable the company to declare a maiden dividend on an en- larged capital base.

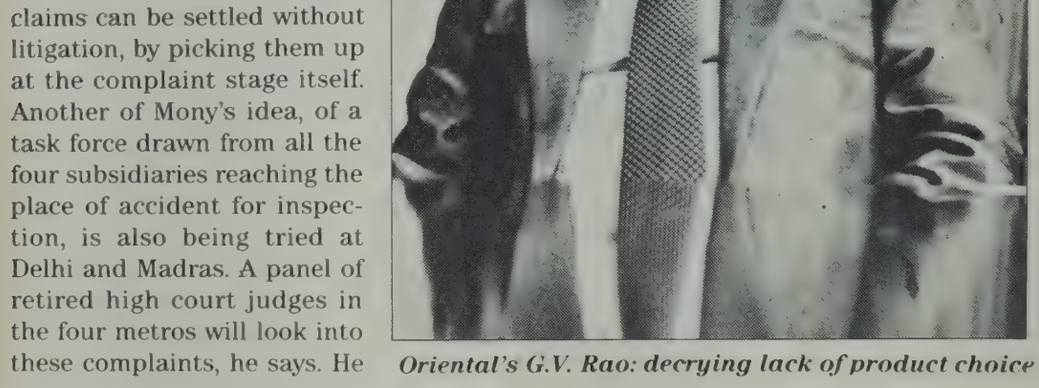
More than the earnings of these ven- tures, which are ploughed back in the local business, they serve as very use- ful contact points for reinsurance business from all over the world, in- cluding Europe, Japan and East Euro- pean countries.

GIC has taken a few steps. The *lok adalat* concept introduced in 1985, for instance, seeking to arrive at settlements between the claimant and the insurer through the mediation of retired judges, has shown tremendous potential. "In three years, 100,000 claims worth Rs.190 crore have been settled through this route," Mony claims.

Also, GIC has introduced a system under which motor claims can be settled without litigation, by picking them up at the complaint stage itself. Another of Mony's idea, of a task force drawn from all the four subsidiaries reaching the place of accident for inspection, is also being tried at Delhi and Madras. A panel of retired high court judges in the four metros will look into these complaints, he says. He is also willing to consider suggestions like linking motor insurance premium rates with drivers' accident experience, charging lower rates to drivers licensed by GIC-approved training schools and having a matrix of rates for repair work on the basis of cities and garages classification. To speed up insurance of documents, he is actively considering forming groups of clerical staff and development officers.



Oriental's G.V. Rao: decrying lack of product choice



New India Assurance: holds the entire Tata business

Yet, he agrees that the malpractices in the business are difficult to curb. It is difficult to have objective methods for claims settlement and secondly, physical check on insured assets also is not possible. It is in this context, that the agents become extremely useful to the industry. Though not employed with any insurance company, these agents who canvass business for a commission, keep contact with the individual policy holders. Ironically, however, after nationalisation, with most of the large insurance businesses becoming direct (having been linked to bank finance) and the commission rates for small business declining (now between 5 and 15 per cent), this class of "barefo workers" is fast disappearing.

The middle management employe function *benami* as they are not expect to canvass business. But they cann forego their client relationships or t commission. While for most agents ge eral insurance is just one more financ instrument to sell along with seve others. The result — insurance suffers the agents are not technically qualifi enough to advise clients leading ul mately to customer dissatisfaction.

Poor motivation

But what will marketing alone do wh the manpower is not motivated enoug Mony plans to bring in the necessary m mentum by carefully defining the co tents of the training programme f different cadres of insurance staff, wit "customer friendliness" as a major co ponent across the board. "It is a slo route," he admits, and so, to boost the er ployee morale, Mony also wishes to r vamp the HRD exercise. "Matching abilities with opportunities," is how h defines HRD. This he plans to do by ma ing systematic efforts to export insuranc services which has been sporadic so fa "We are also thinking of introducing good incentive package for our fiel staff," he adds. Hopefully, things wi change for the better.

While Goenka gave a rural orientatio to the industry, Mony, it is hoped wi make it "customer oriented". Mony hin self is confident of changing the stern fac of the insurance companies to custome friendly ones in the next few years. Ye will he be able to influence the behaviou of 75,000 odd employees?

But the root cause of all problems sti exists — absence of real competitio Would entry of private sector push th nationalised giants harder at giving be ter service to clients? "To introduce exte nal or internal competition is a polic matter for the govermnment to decide, says Mony. Regarding external competi tion he says, "Protagonists of competitio must be tempered." He clarifies that a lowing foreign competition would mea "dumping of services" by those com panies in India and therefore, is to b discouraged.

As for competition from the privat sector, Mony is non-committal. He onl poses a counter question, "Will the pri vate sector be willing to take up social in surance business too?"

■

ALPANA KILLAWAL



"A LEGEND WITH LEGEND"

INDIA'S FAVOURITE CAR TYRE

MRF RH L1

WIDIA INDIA

A cut above the rest

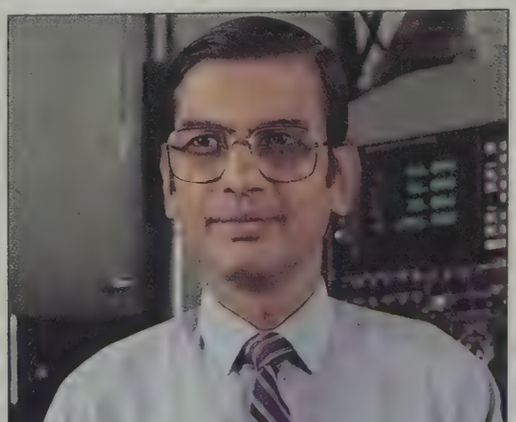
The quest for perfection and constant product innovation have given the company an edge over the competition

As Widia India Ltd, the country's most successful hard metals tool manufacturer, moves into its twenty fifth year of operation, managing director Rangarajan Srinivasan has much to be proud of. The 49-year-old son of a former chief justice of India is the first non-expatriate to head the Bangalore-based company, a position which he took over in 1981. And since then he has been the prime motivating force behind Widia's technology-led growth.

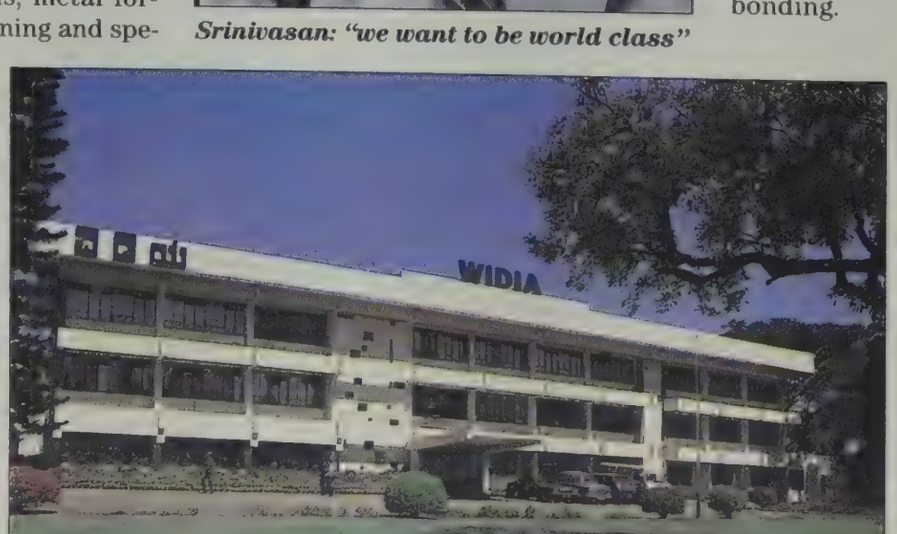
At Rs.68 crore, sales last year were up by 20 per cent, while profit before tax nearly doubled to Rs.7 crore. F.W. Frohlich, chief executive of Krupp Widia GmbH of Germany, which holds the controlling 51 per cent stake in the company, was obviously quite impressed. On a recent visit to India he said, "Widia India is a 100 per cent Indian-managed company and has proved to be of international standards. It has been a market leader in hard metals for the last three years."

Widia, which is a corruption of the German *wie diamant* meaning 'like a diamond', makes over 100 products, which include metal cutting tools, metal forming tools, tools used in mining and special purpose machines. Its users range from core industries like mining, automobiles, oil, steel and power to defence and manufacturers of products like blades, refrigerators, watches and even bullets. It has a 40 per cent share in a market that is estimated to be about Rs.150 crore annually.

Like in the international arena where Krupp Widia competes with the Swedish giant Sandvik, in India the German company's subsidiary fights it out in the market place with Sandvik's affiliate, Sandvik Asia. Three years ago, Widia took over the lead from its Pune-based rival and has since maintained it. Sandvik's turnover for 1990 was Rs.62 crore, though it continues to have an edge in profitability measured in terms of gross profit margin. As against 18.9 per cent for Sandvik in 1990, Widia's was 15.9 per cent.



Srinivasan: "we want to be world class"



Corporate HQ: market leader in hard metals

Sandvik officials were reluctant to comment on Widia's performance. Sa J.R. Sequeira, general manager, sales, "W are a good competitor to Widia in th market place. They have their own nich and so do we." Machine tool insiders fe that Widia has grown faster of late tha Sandvik because of a relatively more re sponsive international parent.

"Count down has begun"

Srinivasan is quite clear about where h wants Widia to head for in the comin years. "We want to be world class. Th count down to the 21st century has a ready begun and we at Widia realise tha perfection holds the key to continued su cess." This quest for perfection has man fested itself in the company's obsessio with technological advancement. "Ou high performance products and ad vanced technology are the result of inten sive R & D, supported by ultramoder manufacturing facilities and a compa nywide emphasis on quality," Srinivasa adds. Widia's two plants at Tumkur, ou side Bangalore, and Patincheru, in Meda district, AP, are among the most moder industrial plants in the country. A pro duction planning and control syster streamlines the entire manufacturin process with the aid of an online mai frame computer. Draughtsmen desig products on computer workstations. Sin tering furnaces are computer-controlle to achieve superior metallurgica bonding.

The two plants hav over 40 CNC machines During manufacture, so phisticated quality testing machines, includ ing laser measuring an marking machines, en sure adherence to exact ing specifications According to H.R. Gupta executive director, pro duction, "Adoption of in tegrated online qualit assurance practice makes the final inspec tion a mere formality – only to put the seal of ap proval on our products The ultimate test of ou quality is our customers rising productivity an their repeated preferenc for our products."

The company spend

se to 10 per cent of its turnover on up-ading its production facilities every ar. And as such is one of the few Indian mpanies that is in line to get the Euro-an Economic Community's ISO 9000 rtification for quality assurance which ll make it easier for Widia to export to stern markets. In fact, its Rs.4.57-crore ports last year went to countries like rmany, France, USSR, Japan and Aus-lia. Said Frohlich of Krupp Widia, "We ve decided to leave the Far East, in-ding the Japanese market, to Widia dia as it has shown it can compete in-rnationally and has the expertise."

Widia, no doubt, is only trying to emu-e what its German parent has been fa-ous for many decades — striving nstantly to be on the cutting edge of chnology. Says S.M. Patil, former chair-an of HMT and currently a consultant to ited Nations Industrial Developement ganisation (UNIDO) on machine tools, Vidia has an edge over its competitors cause of its high technology. Its collab-ator Krupp Widia is ways willing to part th technology."

Krupp Widia GmbH st came to India in 67, five years after ndvik had set up op in the country. eking total control their proposed dian operations the rmans decided not go in for a collaboration with any large Indian business house and settled for a little known industrialist called Autar Krishna as their partner. Krishna, whose family was originally into silver trading is the chairman of the company and has a 25 per cent stake in the Rs.5.49-crore equity of the company, but doesn't have much of a say in the day-to-day running of the company.

For the first fifteen years of its existence, the company was managed wholly by the Germans. It was the first to make sintered carbide tools in the country used in metal cutting. In fact, metal cutting tools are the mainstay of the company's production and contribute 45 per cent of its turnover.

Metal forming tools which were introduced later now make up 15 per cent of the turnover.

The third category of Widia's production is hard metals tipped tools used in mining and drilling, and they contribute 20 per cent of the turnover.

Special purpose machines which are responsible for the rest of the turnover constitute the most recent of Widia's diversification. And most importantly, according to Srinivasan, the technology that is employed has been developed wholly indigenously. So far, Widia has developed 130 SPMs for 25 customers. The selling prices of these machines vary between Rs.7 lakh and Rs.1.8 crore each. They take about 12 months to deliver.

For Widia, constant product innovation is part of its strategy to keep up with the changing needs of its customers, as also an effort to raise the level of technology of the customers themselves.

The customers are equally happy because of Widia's efforts. Says G.C. Parash Ramani, senior general manager, central engineering and R&D, Mahindra & Mahindra, Bombay, "Not only are the tools of excellent quality but their pre and after sales service is also very good."

Widia's edge over its rivals in technology, new product introduction as well as after sales service, has translated into rapid growth in sales in the last few years. In 1987, its sales grew by 11 per cent, in 1988 by 35 per cent, in 1989 by 21 per cent and 1990 by 20 per cent. But due to rising raw material costs, as well as large investments made for expansion and diversification, the company's gross profit margin went down from 15.9 per cent in 1987 to 12.7 in 1988 and 12.6 in 1989 before shooting back to 15.9 per cent last year.

Excellent performance

Its excellent performance last year has been the sole reason why the price of its Rs.100 per share shot up to an all time high of Rs.1,400 a few weeks ago. The company has had a very conservative dividend distribution policy, the payout never exceeding 20 per cent. But the investors are not complaining because in the last eight years Widia has made as many as three bonus share issues. In fact 92 per cent of its present equity is made up of bonus shares.

With Srinivasan leading the way, the future looks very bright for Widia. And the shareholders can expect to see the company perform even better. An engineering graduate of Guindy College, Madras, he went to Germany soon after to train at Buckau Wolf for a year. He joined Krupp Widia GmbH in Germany itself as an apprentice engineer and worked there for nearly two decades before being sent to India as the chief executive. "There is a great deal of optimism and challenge for us in the future. We shall continue to grow by placing ourselves confidently at the cutting edge of technology," he says.

■ DEVAPRASAD PUROKAYASTHA



idia's R&D facility: (inset) *Frohlick: "international standards"*

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NNON DUNKERLEY

Bargains or burdens?

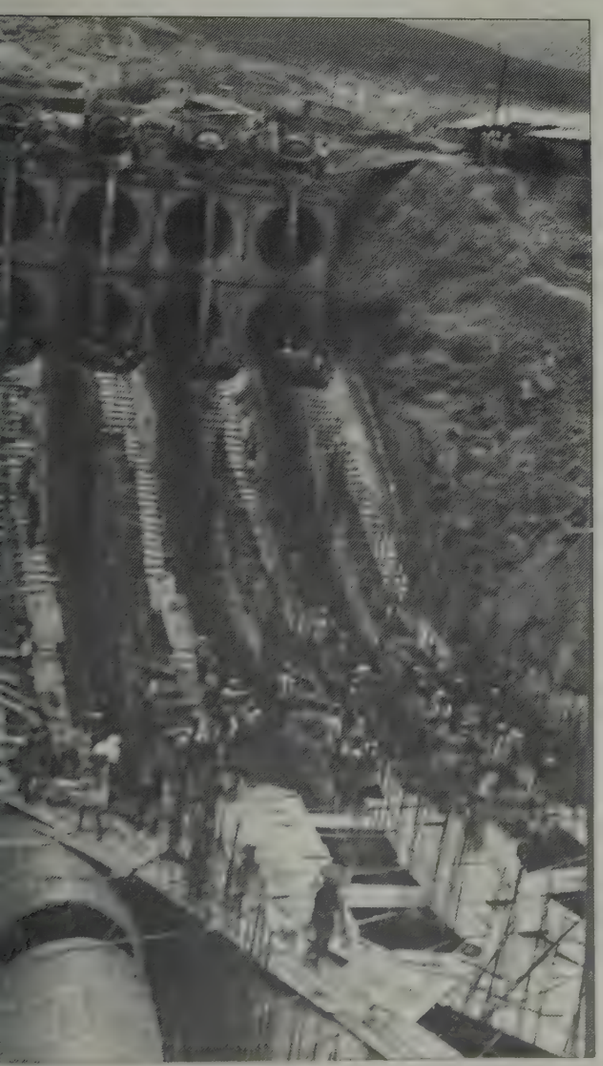
long running slanging match between brothers Ambika and Kamal rarka (present minister of state in the prime minister's office) have cast a dow over Gannon Dunkerley. The diversified civil contracts company has ently been in the news for attempting to take over two sick companies — pur Udyog Limited, a cement company in Rajasthan, and Hukumchand ls, a textile mill in Madhya Pradesh



Ambu Morarka: the belligerant younger brother

nnon Dunkerley, the Rs.122-crore flag- company of the group earns almost per cent of its revenue from civil con- ction. The other 10 per cent of its nover comes from textiles and trading extile machinery spares. Moreover, company also has several subsidiaries ling in edible oil extraction, textiles, ar processing, alcohol and rmaceuticals.

he company's forte is the building of ustrial structures and it has an envia- list of customers. Overhead expenses have been strictly controlled: wage costs as a percentage of its sales have actually declined over the last several years. This has helped it land orders in an extremely competitive market. The Gannon group also has a history of industrial shopping — buying sick companies. Hence its attempted acquisition of Hukumchand Mills and Jaipur Udyog Ltd, in line with the group's strategy in the past. It was major shareholder Kamal Morarka who introduced the strategy of taking over sick companies.



ur thermal power project

Gannon is owned by two investment companies — Ramkumar Morarka and Sons Pvt Ltd and Henry Davis Co Pvt Ltd, which own nearly 97 per cent of its shares. The two companies are themselves owned by the Morarka family. Four companies — Gannon Dunkerly Ltd, its own subsidiary Gannon Finance Ltd, together with Ramkumar Moraka and Henry Davis, often act in concert while taking over companies as in the case of both Hukumchand and Jaipur Udyog. Much of the actual evaluation of the companies to be taken over is done by professionals.

Gannon's bargains

Companies like Nimar Textiles and Kirlampudi Sugar Mills were acquired at a fraction of what a similar green field project would have cost. Says A.D. Chaudhary, executive director of Gannon Dunkerley, "A company like Nimar, with 25,000 spindles, would cost Rs.10 crore to set up while we paid only Rs.2 crore. A sugar mill like Kirlampudi with a capacity of 1,000 tonnes would cost about Rs.15 crore. We paid only Rs.3 to 4 crore."

However not all of Gannon's acquisitions have turned out winners. For instance, the group acquired Testeels Ltd in March 1986. It was in the business of fabricating and erecting pressure vessels and transmission towers. The acquisition price for 53 per cent of the equity was Rs.76 lakh and the group also infused Rs.2 crore into the company. However, according to executives, the lack of promised support from banks led to the closure of this unit. The BIFR decided that the unit was unviable and ordered its winding up.

Even its own subsidiaries have faced problems. Gannon Pressure Vessels Ltd was forced to close down in 1984. Chaudhary explains that the plant, which manufactured LPG cylinders, was forced to close down after 70 to 80 new licences were given and supply outstripped demand fourfold. Gannon has several other companies which it acquired or started which are today sick and have closed down. But the Gannon management believes that the two companies being acquired now dovetail well with their existing business.

In the case of Hukumchand Textile Mills, a composite unit based in Indore, they argue that it is an extension of their existing business in textiles. Kamal Morarka's father was chairman of the company and the Morarkas held 30 per cent of the stake in the company. Kailash Chand Agarwal (Kamal Morarka's first

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usin) was the main shareholder. How-
er, over the years the mill started losing
oney due to an indifferent management
d high labour costs. Its accumulated
sses were in the region of Rs.45 crore. It
s finally referred to BIFR where a re-
al package is now being worked out. In
nuary 1991 the Gannon group bought
ilash Agarwal's stake of 50 per cent.
e group has been running this mill for
e last three months and they hope to
hieve a turnover of Rs.50 crore in two
ars.

The Gannon management sees a win-
r in Jaipur Udyog. They point to the
gh cement prices and the likelihood
at the current imbalance between sup-
y and demand lasting till at least
94-95. Estimates of the Cement Manu-
cturers' Association put the shortfall at
ır million tonnes in that year. In such a
uation even a plant as inefficient as Jai-
r Udyog could make money. The attrac-
eness of JUL to the Gannon group is
at a green field project of similar capa-
y would cost almost Rs.200 crore. While
ipur Udyog has substantial liabilities
ese would reduce considerably in the
habilitation package.

JL mismanaged

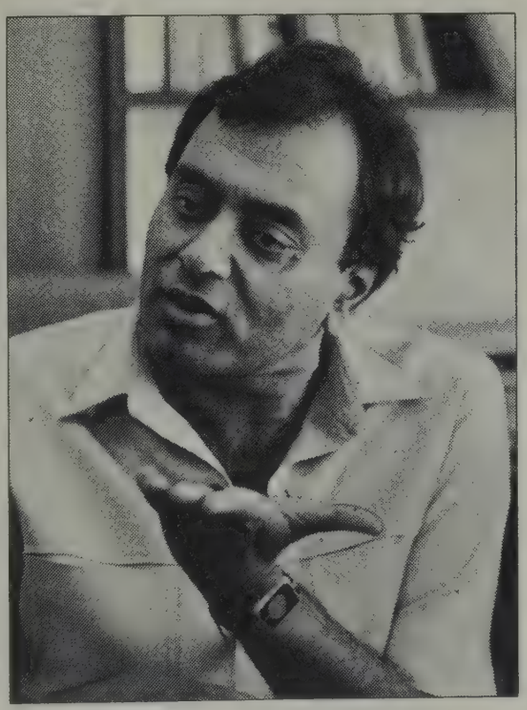
veral members of the cement industry
ubt whether the current shortfall will
st more than two years. They point out
at 16 million tonnes of fresh capacity is
various stages of implementation. The
rrent surge in prices would encourage
isting producers to increase produc-
on. And if prices do not continue their
ward trend Jaipur Udyog has little
ospect of long term viability because of
e dismal shape it is in.

Jaipur Udyog Ltd, situated in Sawai
adhopur in Rajasthan, has been closed
nce 1987. Set up in 1947, it was owned
Alok Jain, part of the Sahu Jain family.
ipur Udyog Ltd has an installed capa-
y of 855,000 tonnes per annum with
ur kilns. Mismanagement by Alok Jain
ayed a major role in the company turn-
g sick. The main constraints that it
ced were lack of power, and deteriorat-
g plant and machinery — it uses the
tmoded wet process technology — and
gh transportation costs of limestone.
ts quarries are 20 kilometres away from
e plant and coal.)

JUL started making losses from
71-72 and faced its first closure in
75. In 1978, there was an abortive at-
mpt to nationalise the plant and subse-
ently it was run by a consortium headed by senior state government officials. The company, however, got caught in a spiral of low production and continuing losses. In 1987, the company was referred to BIFR and ceased production. Two years later BIFR passed a winding up order. It was only the eagerness of the Rajasthan government to find a suitable partner to restart the plant that led the BIFR to keep the order in abeyance. Gannon Dunkerley expressed its willingness to take over the plant in March 1991 after Alok Jain approached Kamal Moraka for assistance. Jain's shares were acquired for an undisclosed price.

Huge dues

The major problem that any rehabilitation faced was the huge amount of dues, both statutory and otherwise. Under the current package being worked out by the IRBI, these concerns would be laid to rest. The Rajasthan government has stated that it would waive the entire Rs.26 crore owed to it. The workers too have decided to scale down their outstanding from Rs. 19 crore to Rs.3 crore.



Kamal Morarka: corporate healer?

Whether the SBI will be willing to scale the Rs.34-crore in principal and interest and also agree to a moratorium on the payments is undecided. The bank is apparently willing to accept a one-time payment of Rs.7.49 crore as the initial capital lent, and is also willing to negotiate the interest payment. Its stance is that on no account would it be willing to accept a total write-off of the loans, because this would set an unhealthy precedent. It is also not willing to accept a moratorium on the payment of the principal account.

There are other technical problems. Limestone availability has always been a constraint. Now the Rajasthan government has promised the company new mining sites for limestone. While the management claims that the new sites will be about 20 km from the plant, sources in the Rajasthan government suggest that it could be as far away as 35 km.

Other cement companies point out that this is a long distance. An aerial rope-way to transport limestone from the quarry to the plant would cost more than the current rehabilitation package — Rs.33 crore. However the Gannon management plans to use trucks and has factored in Rs.105 per tonne of limestone while the mining cost alone should have been in the region of Rs. 45.

Wet to dry

Industry insiders point out that modifying the plant completely from the current wet process to the far more efficient dry process plant would cost in the region of Rs.100 crore. However, current plans are to continue using only wet process technology. According to Choudhary, "Two of the kilns should be operational immediately while the other two will take some time to revive." There is some apprehension in the industry regarding the size of the rehabilitation package. Out of the current package of Rs. 33 crore only Rs. 25 crore will be available for the renovation of plant and machinery, pollution control and for mining modernisation. This seems rather inadequate, but the Gannon management is confident of producing cement at Rs. 1,650 per tonne against the prevailing price of Rs.2,400 per tonne in the north. While they expect utilisation in the first year to be 50 per cent, they expect to touch 75 per cent by the third year.

Outside the group the takeovers are viewed with great scepticism. But since both companies are before BIFR, and their liabilities will be considerably reduced, the risk for the group is low. And if nothing else Jaipur Udyog has a large amount of real estate in Bombay, Delhi and Jaipur. If the Gannon group is able to make a success of these acquisitions, it could very well pull off a coup. If it doesn't, the largest risks will have to be borne by the banks who will have to finance the rehabilitation package.

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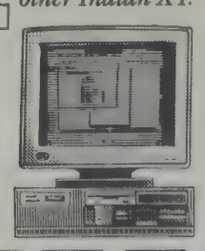
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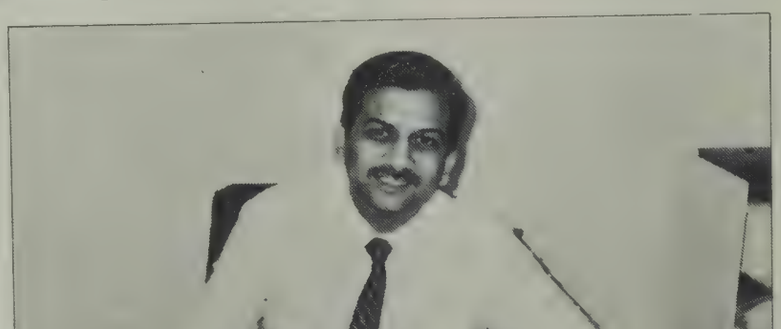
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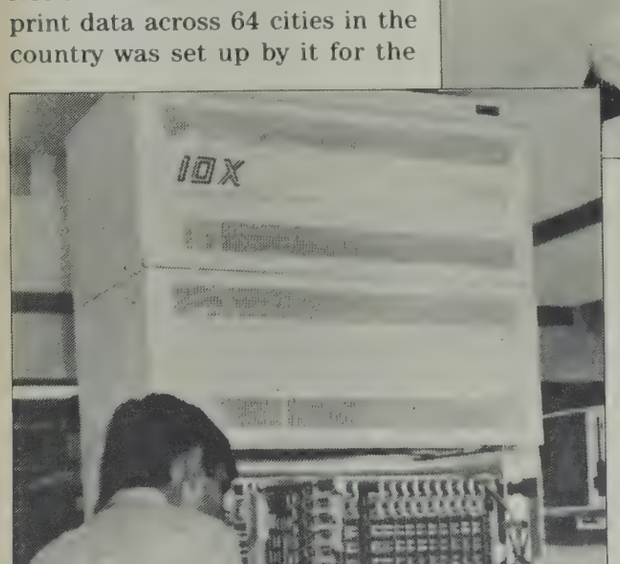
A systematic turnaround put paid to the poor financial performance that had marred the company's technical excellence and brought it a string of technological firsts in the telecom sector

The mood at Tata Telecom is upbeat. Late last year it notched up another first to add to the many that stand to its credit. The company produced its first electronic EPABX (electronic private automatic branch exchange) line in March 1988. From March 1988 to December 1990, the company's cumulative production of EPABXs at its Gandhinagar plant in Gujarat was 100,000 lines. No other Indian company has matched this performance so far.

Tata Telecom was also the first to set up the largest private exchange in the country — a 3,600-line exchange for Tisco in Jamshedpur. The first integrated private network of its kind called SB/Net that handles both voice and print data across 64 cities in the country was set up by it for the State Bank of India. Another first was scored with the setting up of an international voice cum data link — a project completed for Modi Xerox which integrates Modi's national network with that of Xerox International. The company's technical excellence was, however, till recently, marred by its poor financial performance.



V.K. Gupta: "we will not steal market share from competitors"



A 500-line IDX (Integrated Digital Exchange) system under testing

Current corporate statistics are more in line with the company's technical skills.Tata Telecom was established in 1986 with an initial investment of Rs.12 crore and a capacity of 50,000 lines a year, in technical collaboration with Oki of Japan. (A little over half of the company's Rs.4.5-crore equity is held by its promoters and associates while the rest is held by the FIs, the company's employees and the public.) But the company reached its breakeven point of 20,000 lines only in 1988-89. This meant that the company had accumulated losses of Rs.1.39 crore when it began fiscal 1989-90.

The losses were made worse because of several factors. First, the market was new — EPABXs were introduced into the country only in 1987-88. Second, the company's sales were poor as marketing outlets existed only in the four maj metros. Third, clients could not be s viced adequately. And fourth, the co pany invested heavily in its plant - compared to its competitors and th had to write off large amounts for depr ciation in the initial 2-3 years of t plant's operation. All this changed 1989-90 when the company expanded i marketing network, improved servicir (it conducts customer satisfaction su veys every six months now) and sol 42,172 lines. In that year it made a n profit of Rs.1.46 crore and wrote off th entire accumulated losses.

Similarly, the total number of lines pr duced increased by 74 per cent in 1989-9 compared to production in the previou year. Net profit in 1989-90 — before ac counting for the accumu lated losses — at 6 per cer of the total turnove (around Rs.25 crore) was i fact amongst the highest i the telecom industry. And a V.K. Gupta, general manage operations, Tata Telecom points out the company di even better in the first half o 1990-91, "Actually, ti end-1990 we had main tained net profit at 8 pe cent of turnover. However steep hikes in cash margin for imports followed and ou margins nosedived." Indi genisation of the company' product line is still fairly low at around 6 per cent and this makes the compan vulnerable.

More indigenisation

However, Gupta points out that the mar agement is aware of this problem. It ha decided to increase indigenisation by 1 per cent in the current year. Simul taneously it has made serious efforts t develop domestic vendors. Currently, th company purchases bare printed circui oards from domestic manufacturers. tie-up with the Ahmedabad-based Spac Applications Centre has helped it to de velop the expertise to test and evaluat them. This was not a capability it had ea lier. This domestic sourcing currentl saves the company forex to the tune Rs.1.3 crore a year.

In 1988, when the company first bega production of EPABXs the management projections indicated that the total a nual demand was round 150,000 lin and would grow slowly in the next 2-

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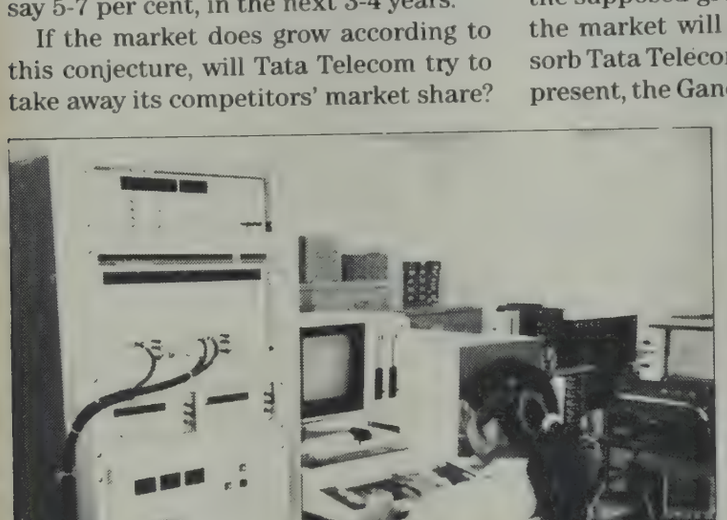
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years. However, the management soon realised that it had underestimated the growth potential of the market. The market grew at an average annual rate of 22 per cent and demand is now estimated to be around 250,000 lines a year.

The market would probably have continued to grow at this rate had the government actually implemented its proposal to spend Rs.20,000 crore on the Department of Telecommunications as scheduled in the Eighth Plan. Given the present state of the economy government outlays on this scale seem unrealistic. Tata Telecom therefore expects the market to grow at a much slower annual rate, say 5-7 per cent, in the next 3-4 years.

If the market does grow according to this conjecture, will Tata Telecom try to take away its competitors' market share?



Automatic functional testing for Analog Boards

Other players in the telecom market include Northern Digital Exchange (NODE) — a joint venture between the Thapars and the Punjab state government — Unitel, Escorts, BPL and Blue Star. But the market leader is clearly Tata Telecom.

At present, it has just about a fourth of the total market — it sold 60,000 lines in 1990-91. Its closest competitor, NODE, sold only 41,000 lines and can boast of only about 17 per cent of the market. Escorts's EPABX division is also a competitor but cannot compete across the entire range; the Escorts division makes only small EPABXs. (The product profile for Tata Telecom is 40:60 small and medium systems to large systems respectively.)

Few competitors

The only other competitor Tata Telecom would take seriously, says Gupta, is a revivified Unitel — its recent sale has apparently raised expectations of a turnaround in the next 1-2 years. Says Brigadier K. Balasubramaniam, Tata Telecom's managing director, "We score over the others because both our products and our manpower training are superior." In the last financial year, about 700 mandays and Rs.50 lakh were spent on training programmes.

However, Gupta points out that Tata Telecom will not really steal market share from its competitors. First, because government buying accounts for a significant share of the market and sales are made via tenders. And second, because even at the supposed growth rate of 5-7 per cent, the market will grow adequately to absorb Tata Telecom's entire production. At present, the Gandhinagar plant is already operating at 120 per cent of its installed capacity. And, in fact, Tata Telecom will be forced to increase its installed capacity — analysts forecast a doubling of capacity to 100,000 lines — if it is to maintain its market share in the modestly growing market.

But the company is also planning to diversify into other communication equipment. It has already signed a collaboration agreement with C-DoT to make digital UHF wireless communication systems with ten channels. It is also actively scouting around for foreign collaborators for other sophisticated communication systems.

A large part of the company's success is due to its superior technology. Both Tata Telecom and NODE use Oki technology, unlike also-rans like Unitel which used technology from GTE Belgium and BPL which uses technology based on that developed by CSF of France.

Several aspects of the Oki technology have proved beneficial to both Tata Telecom and to NODE. The Oki technology was good but more so the company, unlike other collaborators, kept its promises in entirety. High staff skills at both Tata Telecom and NODE enabled them to absorb the technology. In fact, Tata Telecom has now designed new EPABXs of 100 and 325 lines respectively that are not Oki products. Tata Telecom's collaboration agreement with Oki will terminate March 1993. NODE's agreement will a run out at about the same time. Gu would like an extension and indus sources feel so would NODE.

Different market segments

Interestingly, both companies have c ferent segments of the EPABX mark Tata Telecom is extremely strong in t private corporate sector and the banki and hotel segments. NODE is the big player in the public sector and the g ernment segments. Says Hemant Luth executive director, NODE, "The two co panies also have different regio pockets of strength. NODE is strong the south and the east. Tata Telecom h a virtual monopoly in the western regi In the north both of us fight for gover ment orders which make up the maj business." Industry sources also point o that Tata Telecom's 1990-91 producti of 60,000 lines compared to NOD 41,000 lines in the same year overstat the former's market share and also i flates the total demand in the year.

Apparently, Tata Telecom had ma large unexecuted orders on its ord book in 1989-90 which were carried out 1990-91 — if these are disregarded also the lines invoiced to Tata compani by Tata Telecom and to Thapar co panies by NODE, then it becomes appa ent that the order book position of t two companies for 1990-91 was roug comparable. (Gupta claims that of the t tal volume of Tata Telecom's busine other Tata companies account for onl per cent.)

Industry sources are more optimis about the growth rate of the entire ma ket than is Tata Telecom. They feel th the market will grow at least at 10 p cent per year in the next 3-4 years even the economy slows down further as the is a pent up demand that will have to met. In fact, some industry analysts a categorical that political stability af the elections could well see the mar grow at a rate of 25 per cent per year!

Some industry analysts believe th though the market will continue to gr there will be a clear shift in demand fr large EPABXs to small and medium on However, even if this happens Tata Te com and NODE will continue to domin the market. Escorts which makes o small systems apparently lacks top ma agement support and will pose no ch lenge to the big two.

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TRACTORS

Turn for the better

Under favourable conditions, the industry is recovering from early losses and the manufacturers are gearing up for modernisation and expansion

While the last 12 months have brought considerable misery to several sections of the automobile industry, tractor sales are going up relentlessly. Like the proverbial tortoise, the tractor industry, down in the dumps only four years ago, has patiently moved ahead, and come on top during the financial year 1990-91, with a growth in sales of 15 per cent.

The dozen-odd tractor manufacturers have successfully churned out increased profits despite the bloating costs of tyres and steel, adding to the overall price of the tractor which has been rising at the rate of 20 per cent per annum. Nevertheless, industry observers are sceptical of how long the party would last.

The most important factor in the growth of the tractor industry has been the money disbursed by banks towards purchase of tractors. Besides, the National Bank for Agriculture and Rural Development's (NABARD) refinancing has been playing a crucial role in providing liquidity to banks for disbursing tractor loans. In the past (1982), a credit squeeze imposed by NABARD produced a recessionary effect on the industry. In the subsequent years, commercial banks flushed with funds supplemented NABARD.

Signs of a slow down

The current credit squeeze could turn ominous if extended to the agricultural sector and tractor sales may get affected. "The demand for tractors itself is good, but the resource crunch is posing problems and we see signs of a slow down. Our business is dependent on the lending available from banks to the farmers," explains Mallika Srinivasan, vice-president, Tractors and Farm Equipment (TAFE) of the Amalgamations group.

For 1991-92, the industry hopes to maintain its growth rate at 12 per cent achieved last year. Which means it has targeted a sales of 147,584 units valued around Rs.1,600 crore. Of this, NABARD has already finalised allocation of refinance assistance to the tune of Rs.320 crore to the banks for the year 1991-92 for the farm mechanisation programme.

"But this makes up for a mere 20 per cent of the industry requirement. Our industry is totally dependant on bank finance. In fact, 99 per cent of the tractors purchased by farmers is through bank loans. And so the tight money market with banks going easy on lending could have a crippling effect on the manufacturers," says Alan Durante, executive vice-president (marketing) of Mahindra & Mahindra (M&M), the market leaders with a 19 per cent share. However, companies with more than one product will continue to enjoy the benefits of diversified risk.

Some 82,000 tractors were sold in the country in 1986-87. In the subsequent four years, when fortune favoured the industry, sales acclerated, with an average annual growth of 14.2 per cent. And if the industry's optimism can be relied on, the 1986-87 figure is going to double in 1991-92, when 160,000 more farmers will become tractor owners. Says A.P. Gandhi, vice-president at Escorts Ltd, "We are targeting for a 17 per cent growth this year."

Tractor manufacturers are happy with the market condition that prevails. Sitting pretty in the sellers' market are Mahindra & Mahindra, Escorts, Eicher, TAFE, HMT and PTL (Punjab Tractors Ltd), which together control 97 per cent of all-India sales.

The generous monsoons witnessed during the last four years have doubtless contributed to this good showing. "But it is a combination of several factors—the government policy on credit availability, the increasing awareness about mechanisation in farming and, of course, the gener prosperity of the farmer due to good mo soons—that have all worked together bring about this boom," says S. Bhargava, chief executive at Eicher.

Crucial in deciding the fate of the tra tor industry is the government's role a credit-supplier. Which should be evide from the fact that no tractor is picked u for cash: it always reaches the farme through loan applications at banks. Th deep recession between 1981-82 ar 1986-87 is attributed by all to the credi squeeze imposed then by the RB though the two drought years of 1986 an 1987 contributed to the blow.

Photos: Vive



The Eicher plant: streamlined production

The first slump year saw a slide of 18. per cent in all-India sales, while the re maining four-year period witnessed a de pressing stagnancy, with annual sale hovering around the 75,000 mark. The in dustry was desperately trying to cut over heads, and production cuts (by 35 to 5 per cent) immediately registered in pro itability figures.

In 1987, the then government mad two changes in the existing rules goveri

g loans for tractors. The eligibility qual-cation of owning at least 10 acres was duced to 8 acres, and the repayment eriod extended from 5 to 7 years. And, most miraculously, tractor sales began boom. Says Bhargava, "It's not just the ecision that mattered. It was the politi-l message sent to the lending institu-ons about giving priority to the gricultural sector that made all the fference."

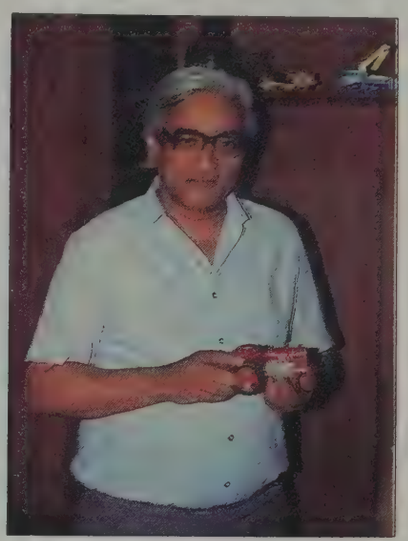
What made the recovery of the industry ppear all the more spectacular was the per cent leap in sales during 1987-88. here was a pent-up demand," explains Ganapathy, general manager, market-g, at Eicher, "the farmers were in need machines, so the moment finance be-me available, there was a rush for actors."

apacities increased

here was a mad scramble then for en-ncing capacities. TAFE raced ahead in e 35 hp category, increasing production om 11,500 machines to 15,000. Escorts, hich was churning out 4,100 tractors nually in this category, almost doubled s production in one year. Eicher, a ader in the 25 hp segment, also went full rottle to hike output from 11,800 to ,600 tractors a year. PTL, which was oducing a measly 1,800 25 hp tractors 1985-86, touched 3,900 mark next ar. After languishing in a lull for over e years, the industry was only too eager storm a receptive market.

And when the market grew, it was not ly demanding more tractors, but doing in new areas as well. Hitherto, the tra-tional market for tractors comprised e northern states of Punjab and Hary-a. But tractor companies began char-ring new territories, and found the exercise rewarding.

These include the sugar belt of Maharashtra, where M&M is establishing a niche, the eastern tracts of Uttar Pradesh, where Escorts and Eicher are making it good, southern Andhra Pradesh, where TAFE is pushing hard, and the hinterland of Madhya Pradesh, which is proving to be a hotly contested ground because of its vast market potential. While the traditional Haryana market could grow by only 8 per cent last year, Maharashtra, Gujarat, Karnataka and Madhya Pradesh had growths ranging from 15 to 20 per cent. Sales in Andhra Pradesh shot up by 22 per cent, while Uttar Pradesh topped honours with a whopping 28.5 per cent growth.



Bhargava: "political message"

While the companies were doubtless raking it in, there was a fierce competition brewing. "That ensured that there was no complacency on our part. Our quality had to be the best," says Gandhi of Escorts. Adds Bhargava of Eicher, "Despite a boom market, several didn't make it, like Kirloskar, the public sector UP Tractors and Bihar Agro." The ones that did have, in the last four years, coupled capacity upgradation with improving designs and models and getting new technology for enhancing product performance.

Eicher went in for a Rs.16-crore modernisation programme to streamline production at its plant at Faridabad in Haryana, and is planning a further 35-crore investemnt in its plants at Alwar in Rajasthan and Parmano in Himachal Pradesh. It also introduced a new 8-gear model with automatic depth gauge operation, and is working on the design of a special model for use in paddy operations.

Escorts has brought out a new range of fuel-efficient tractors in all three horsepower segments, with design variations to improve the transmission box and with a different sheet metal covering. The main attraction of this series, though, is a multiple-utility 12-gear operation. Says Gandhi, "We have to constantly upgrade our tractors, but at the same time, we are working on other farm-related equipment." Escorts is buying technology for a 'combine harvestor' — a cutting and threshing machine for post-harvesting operation. Explains Gandhi, "With the increasing mechanisation in farming, we foresee a good market for the harvestor which is 15 per cent more efficient than human threshing work."

M&M have recently introduced the direct injection series in the 25, 35 and 45 hp range. "Besides being 20 per cent fuel efficient, the oil change is one-fifth of what it was earlier. Also, because of direct fuel injection, the tractor has no starting problem in cold conditions — a major hassle in the North. This will help to increase the battery life," explains Durante.

Meanwhile, TAFE is setting up a new plant outside Bangalore, in phases. The company is already assembling tractors at this plant, but this activity will be stepped up with an investment of Rs.20 crore planned for this plant over the next two years. The main plant at Semliam, Madras is also being modernised to upgrade the tractor models. "Fuel efficiency will be the main focus, with a targeted improvement of 5 per cent in this area in the next 2 to 3 years. Comfort and aesthetics are other aspects being looked into," explains Srinivasan.

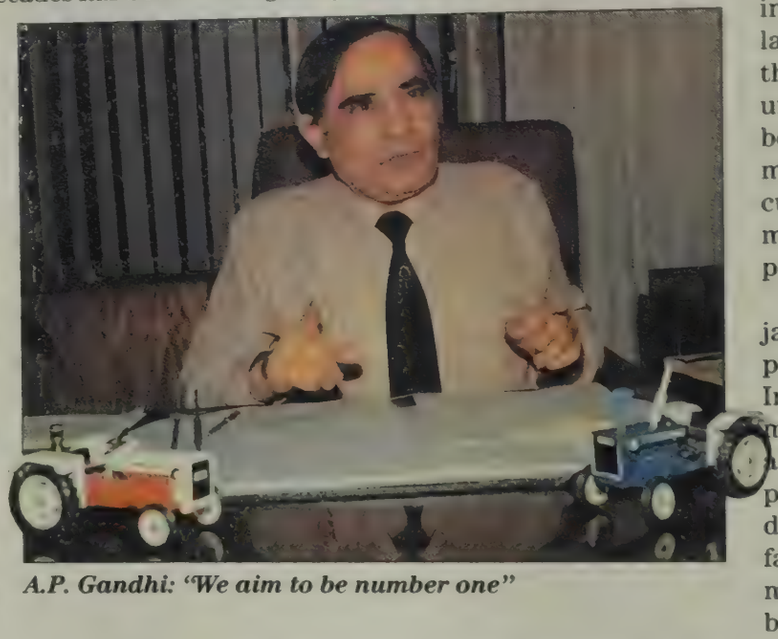
Unlike other automobiles, tractors don't come in differnt shapes and sizes. For the layman, if he's seen one, he's seen all. But the average farmer knows better. Broadly, tractors are characterised by the power their engines can wield. Indian



w Escorts models: more fuel-efficient

machines normally come in the 25 hp, 35 hp and 50 hp categories (though the former varies from 24 to 30 and the latter from 45 to 52). The volume of 25 hp tractors has grown sharply since 1985 when it occupied a mere 24 per cent with just three players — HMT, Eicher and Swaraj. Thanks to a government decision to exempt tractors of less than 1800 cc (roughly 30 hp) from paying excise duty. Its share of the Indian market today is 35 per cent. The top-selling segment is the 35 hp machine, which accounts for 47 per cent of all tractors sold.

Eicher, which for two decades has been producing only 25 hp machines, is expectedly the leader in that segment, servicing 43.4 per cent of the market. But competitors are hot on its trail. HMT and PTL have always had a competing model, but their sales have not been commensurate with the growth in the market. M&M introduced a model in this category in 1986, and already has cornered 14 per cent of the market. TAFE similarly entered this category as late as 1988, and today has 11 per cent of the market.



A.P. Gandhi: "We aim to be number one"

In the largest-selling 35 hp segment, there is stiff competition among TAFE, M&M and Escorts. The former has a slender lead at the moment, but must be finding it tough with the others virtually breathing down its neck. In 1990, while TAFE sold 19,300 tractors, M&M notched 16,500 and Escorts delivered 10,700. Also, Eicher, for long sheltered in the lower end, has finally decided to move up the power line. It is now test-marketing its version of the 35 hp model, and expects to start regular production in mid-1992. It's also going in for a foreign collaboration for the manufacture of 50 hp engines.

Among the more powerful variety, which account for 17 per cent of the total market, the Ford tractor of Escorts Tractor Ltd (as distinct from Escorts Ltd, though under the same management) holds the fort. It is followed by M&M, with the Masser-Ferguson model of TAFE in third place. Overall, it is Escorts (combining the Escorts and ford models) which is *numero uno* in the Indian market, with sales in 1990-91 of 35,109 machines. M&M is all-india runner-up with 26,885 and is followed by TAFE and Eicher with about 21,000 each.

The improvements in product that competition has spurred has also been accompanied by aggressive marketing. Escorts claims it has the 'largest and best' network for an effective sales pitch. Eicher late last year hired four video-on-wheels which are doing the rounds in MP and UP, which, according to the company, is proving to be an excellent marketing tool. The Tamil Nadu-based TAFE, which is fighting vigorously for the MP market, has more than doubled its team in that state. Says Bhargava, "The farmer is a cautious customer and a discerning buyer. He has to be totally convinced."

Cyclic industry

While eager to stress on sales, tractor companies are a trifle lukewarm when talking of profitability. Says Bhargava, "If we have increased profitability by 6 to 8 per cent in 10 years, it is no crime." According to Gandhi, "Return on investment is up, but it is being ploughed back. I won't say this industry has reaped profits, like others have." Nevertheless, while cost has been going up 7.5 per cent annualy (except 1990-91, when it shot up 10.4 per cent), retail price increase in tractors has averaged 9 per cent.

Historically, the tractor industry has been plagued by a 6 to 7 year cycle of ups and downs. The 1972-77 slump was followed by a six-year boom, when again the brakes were applied by the 1982-87 recession. The boom began in 1988 due to good monsoon and the government's attitude in the agricultural year. The question being asked now is "how long will this bo last?" Quips Gandhi, "Well, we can hop defy the cycle this time." The Eicher m agement, however, appears cautious, it has only targeted for an 8 per c growth for 91-92. Explains Bharga "Keeping in mind the precarious finan status of the country, a credit squeeze the near future is not unexpected."

However, all companies feel that eve such a squeeze does materialise, it wo last long. For whichever party or coaliti comes to power, they reckon that the a cultural sector is the last to be touch for resources. Moreover, while the gro ing population rate as evidenced in t latest census is causing concern to ma the tractor industry (at the risk of bei uncharitable to it) is viewing this wit benevolent eye. "You will have lots mo mouths to feed, so we cannot afford a cutback in the agricultural sector: a mechanisation is the best way to enhan productivity," they chorus.

If the intensity of tractorisation in Pu jab is any indication, there is a mammo potential waiting to be tapped in t Indian market. The growing awareness mechanisation along with the promise a fourth successive good monsoon, mak prospects of the industry appear brigh delivering more and more power to th farming sector. As one industry spoke man said, "Others may just talk about but it is we who actually give power to t people."

Tractor sales, however, will be affecte by any change in terms of credit for tra tor loans. If the minimum landholdi size is reduced, a greater number of sm farmers will be induced to buy tracto The number of tractor loan applicatio will also increase if the loans repayme period is extended or the interest rate loans is lowered. Another important fa tor is the agricultural policy and the location to agriculture in the total uni budget. Also the allocation of expen ture to irrigation in the agricultural bu get would have a bearing on the tract industry. Interestingly, the effort to intr duce irrigation in monsoon-depende states coupled with the spread of gre revolution to the rice-belt areas will c ate new markets for tractors. The mul ple applications of the tractor on and the field is yet another factor contrib ing to increased tractor sales. But all t boils down to the availability of insti tional finances.

■ R.S. VENKATESH with LANCELOT JOSE and DHARANI K. PA

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NIIT

Expanding its horizons

Over the past decade, the National Institute of Information Technology (NIIT) has managed to establish a sound reputation in computer education — a reputation which has now taken NIIT overseas in search of new opportunities and also prompted it to restructure its domestic operations.

Recently, Singapore's National Computer Board (NCB) selected NIIT to impart training in Unix for its systems education centre. The US-based Educational Development Centre (EDC) also tipped NIIT to develop software for its interactive video disc programme. And last week, the institute got an RBI clearance for setting up its first office abroad. With this, the Rs.25-crore company has come a long way from being only a computer training institute.

Much of the credit must go to managing director Rajendra Pawar, whose gusto and innovative skills have made NIIT a name to reckon with. But Pawar modestly defers to NIIT's highly-trained employees, saying that they have made it all possible. In fact, of the total work force of 800, 200 are MBAs. Ashish Basu, head of instructional R&D, is one such. An MBA from IIM Bangalore, Basu has been with the company since 1983 and has no intention of shifting jobs. He says, "Job satisfaction is important. And here, that is the big plus point."

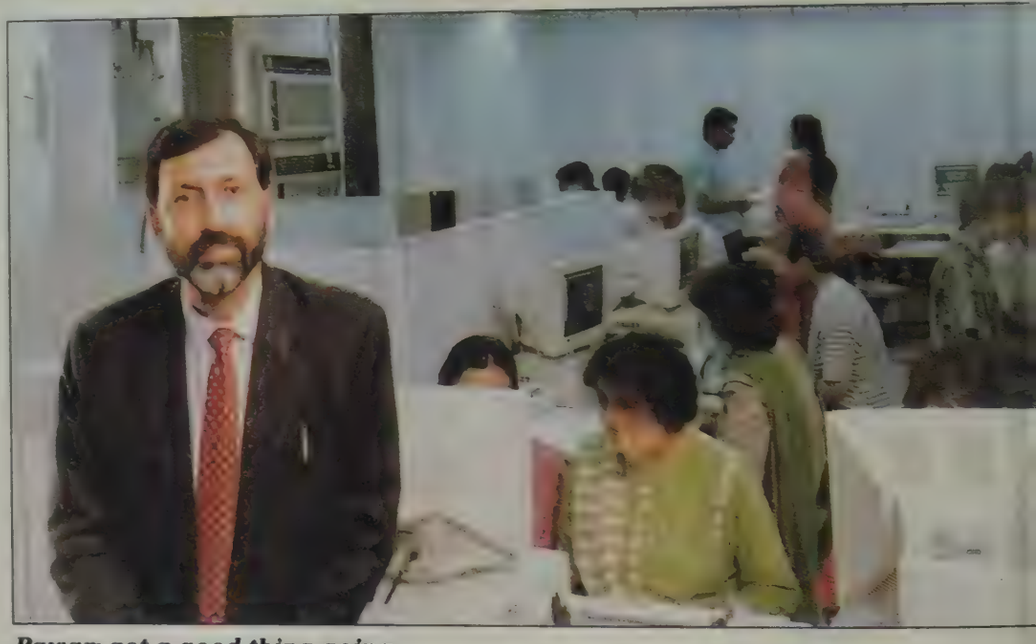
The story of NIIT began in the early eighties during a computer boom, leading to a demand and supply gap in computer personnel. Pawar, then corporate planning manager, with Hindustan Computers Ltd (HCL) was quick to take advantage of this. He realised that though the hardware companies provided in-house training facilities, training would never be a priority area with them. Scarcity of computer professionals would prove to be a major constraint to the growth of the computer industry. So Pawar left HCL to set up NIIT in Dec ber 1981. His friend, Vijay K. Thadani Keltron to join him. Says Thadani, "(friends were very skeptical about whole idea, as private education was c sidered a shady business." But little they know how wrong they were.

Teething problems

Like any other new enterprise, NIIT had its teething problems. Says Pawar, was a nightmare initially. No bank w ready to finance a coaching centre as th were not sure about returns." Finally, t Indian Overseas Bank (IOB) bought t idea. NIIT was set up with a start-up ca tal of Rs.12 lakh.

Interestingly, Shiv Nadar, chief exe tive officer of HCL, is a major shareholc in NIIT. He is not, however, involved in t day-to-day operations of the company. he does is to look at the performance ports of the company once a quarter. spend not more than two or three hou on it," he says. Apart from Nadar of HC the rest of the shares are held by Paw Thadani and P. Rajendran, who also signed from Keltron to join the duo.

From one training centre in Bombay 1982, NIIT now has 25 centres spre over seven cities, apart from the 53 fra chising units which contributed Rs.2 crore to the turnover of Rs.18.7 crore the year 1989-90. NIIT also earned a profit of Rs.3.08 crore and declared a di dend of 125 per cent. Today, the co pany's reserves stand at Rs.15 crore wh its share capital is Rs. 23.89 lakh. T company is very sound financially and on the verge of a public issue, said to be about Rs.10 crore.



Pawar: got a good thing going



Courses are frequently designed and re-designed to meet changing needs

Like most private stitutes, NIIT ini- ally adopted urses from foreign iversities. But ese courses proved be unsuitable for dian conditions. war then decided indigenise the urses.

The new courses clude a two-year vanced pro- amme in systems anagement to pre- re Indian profes- nals for using the test international ftware. The mputer-drome set in Delhi, which is to begin functioning, will help NIIT udents make maximum use of com- ter time.

In addition, a "take a computer home" heme was launched in Bombay and ne only. Under this scheme, NIIT allows udents to take a computer home during e duration of their courses. "The heme was launched in Bombay and ne because NIIT was facing increasing mpetition," says A.D. Narula, director, ining, at Datapro. He adds, "The heme was a very astute move." Nishar rees and says it is, "a very clever mar- ting move".



Winning team: Pawar, Thadani and Rajendran

aximum learning

ys Gopal Chakravorty, head of the edu- ion services group, "Today we are in a sition to design any course which could e maximum learning." Almost 50 peo- are exclusively involved in the R&D ef- t, which accounts for 12 per cent of T's turnover. "This is necessary," says adani, "to keep up with the pace of anging technology. A very efficient R&D m is a must."

Today, NIIT courses even have credit ommendations of the American Coun- of Education (ACE). This is an asset en NIIT students apply for admissions American universities. Apart from this, T will also begin a credit course at RI, Jamshedpur on a regular basis. ul Nishar, managing director of Apple sing and Industries and a competitor s, "They are very good at marketing, y create concepts out of nothing."

NIIT's success soon attracted others to area and Apple, Computer Point and Datapro entered the fray soon after. But, Thadani claims, "We pioneered quality computer education in the country and will continue to be ahead of others." Again, he says, private education has an edge over the conventional education system in this area since it takes a longer time in the latter's case due to governmental hindrances. Moreover, since the syllabi have not kept up with the changes in the industry, programmes like the masters in computer application (MCA) at the universities have actually become redundant.

However, being only a computer training centre was not Pawar's goal. Says Pawar, "Today, education is not a high growth area. Moreover, it is becoming more competitive." The high growth areas are end-user computing, information systems planning, development of computer systems and turnkey solutions.

As a result of this, NIIT has restructured itself into two separate business groups — the education services group (ESG) and corporate services group (CSG) — to meet the challenges of the international market. While the ESG caters exclusively to training, the CSG looks after consultancy, software development and exports. Though the ESG continues to be the major revenue earner (60 per cent of the total turnover), the thrust in this decade will be in the CSG. Arvind Thakur, general manager of the CSG, expects it to contribute 50 per cent of NIIT's total turnover by next year.

Exports will play a major role in the next couple of years. NIIT has tied up with a number of companies in the Far East, Middle East and the US for developing software and providing customised training and computing technology. The company has participated in three major computer and technology exhibitions — the Comdex 90 and CBT Conference in the US, and Cebit 91 in Europe — to get a feel of the market abroad.

NIIT plans to define and enter clear-cut niches rather than go for general exports. It entered the international market only last year, with a careful foray into computer consultancy. Its first office is being set up at Atlanta, US, and is being headed by C.N. Madhusudan, who earlier looked after human resources development and corporate planning at the head office. He will market software products developed by the company's advanced technology group. The company will be marketing five software packages developed with the overseas customer in mind.

Getting a feel of the market

Says Pawar, "This is the first step to make our presence felt in the international market. The Atlanta office will initially study how to deal with the customers there, set up closer interaction with all the companies we are dealing with now, follow up the leads that were generated during the various exhibitions and fairs and study the market." Similar offices are planned for the Far East also. Says Thakur, "We are also looking at partners overseas who could market our indigenously developed products abroad."

With a 60 per cent growth rate, the three musketeers, Pawar, Thadani and Rajendran, are all set to reach the Rs.100-crore mark by 1994. Even though the computer industry is currently facing a recession, the NIIT top brass remain confident about the growth of information technology industry. Says Pawar, "At least for this decade, the industry will continue to grow at 20 per cent plus. May be not as fast as it did earlier but definitely at a good pace."

■ REENA PATNAIK RAO



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RENCHMENT

painful downsizing

irst inkling that something was at Hindustan Computers Ltd came during the last week of . A senior manager at the company, as wooed back three years ago and promoted thereafter, was asked to nother job. Says the manager, "We nformed that the company's funds on was not good; that there were too receivables. And that a course of ad been planned to 'rectify' the situ-." The first to go were 350 orary, marketing-support and ad-trative staff hired to handle the ex-usiness during the final quarter of ar. Subsequently, a number of regu-nployees were also asked to leave.

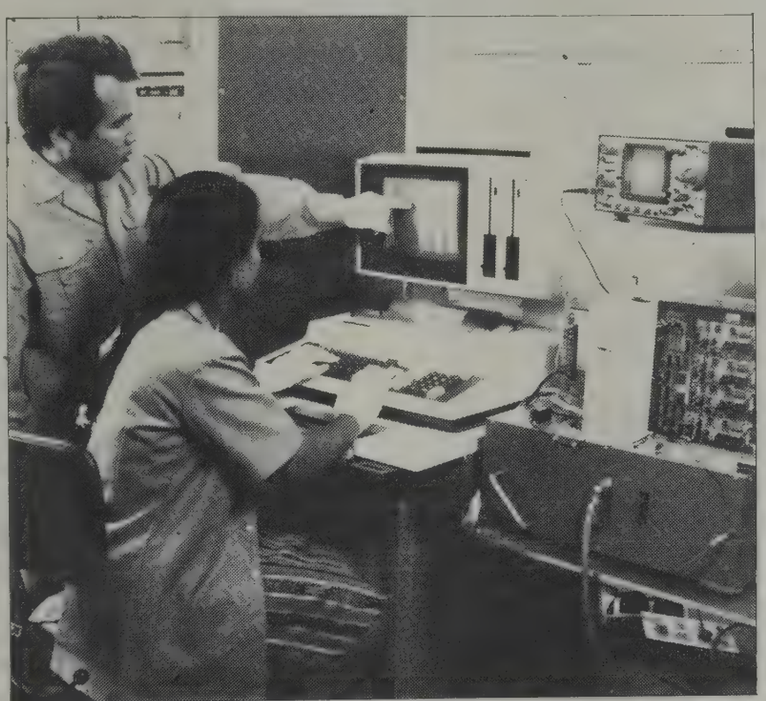
L's decision to sharply trim its strong work-force comes after a dif-financial year for the computer in-y. Some industry analysts believe ayoffs were a pre-condition to the er of HCL's computer division with ett-Packard. (In fact, several of competitors are categorical that as as 30 per cent of the total number ployees at HCL will have to go be-of the terms of the merger).

kers

company touched a turnover of 8 crore in 1990-91, but stretched it-nancially in the bargain. Receivables ear stood at the equivalent of 126 sales. "During the year the company to sell its receivables in the market toring companies but there were no s," says Thomas Joseph, senior vice-dent of International Computers n Manufacture (ICIM). HCL's le-e grew in a three-year period from 1988 to 4 in 1990, making it partic-vulnerable in the current down-

umber of other companies are now ing the HCL route. ICIM which tou-sales of Rs.81 crore in 1990-91 — 30 nt higher than the previous year — od-bye to 120 people in 1990 (a 12 nt cut). Zenith Computers, which ded sales of Rs.30.5 crore in the year, 20 per cent higher than that in will lay over a 100 people off this Wipro Infotech and Hinditron will ewise. Trimming manpower is now dustry-wide strategy. Says Shashi director of Modi Olivetti, "The mo ment the industry got into trouble it used the soft option: get rid of people!"

The seeds of the present problem were sown in 1988-89, when a set of tax incentives fuelled tremendous growth. The investment allowance and the depreciation prompted people to buy more computers to save on taxes rather than to meet actual needs. "This explosive growth phenomenally increased the use of working capital. Excessive working capital needs also indicated that sales were recorded but had not been paid for," says Joseph. As demand grew, companies expanded, added infrastructure and hired more employees.



Changing technology needs new skills

Simultaneously, their debt also grew. Vendors had to resort to borrowings to fund growth, thereby putting profit margins under pressure. Outstandings, which on the average stood at three months of sales, worsened the pressure. "The main growth segment was personal computers where profit margins are traditionally small. Profits work out to 5 to 7 per cent of sales realisation after overheads but excluding interest costs. So if you can't collect money within three months, your profits disappear," says Joseph.

No clue

Demand soon settled down to a more sedate level in 1990, once the fiscal incentives were withdrawn. Vendors were not, however, unduly concerned as sales are normally skewed towards the final quarter — the bulk are made in the second fortnight of March. But the Gulf war and ensuing forex crisis prevented that from happening.

Despite clear indications of a slowdown, recruitment continued in the hope that sales would pick up as usual. Zenith and HCL, in fact, hired people just before the final quarter of 1990-91. Says Ullal, "Basically, management skills in the accepted sense do not exist in the industry. People are catapulted into key positions without any experience. So, when the industry found itself in a crisis most senior managers had no clue on what to do."

Not everyone went through the same phase. ICIM, which had accumulated losses of Rs.6 crore in 1989-90, reorganised its operations. Says Joseph, "We made a decision to retrench purely on a skills basis." As technology has changed, the skills profile of employees has also changed. ICIM, DCM Data Products and Modi Olivetti — three companies which consolidated their internal operations — thus had a good year.

Now, with the first quarter of 1991-92 already over and the Computer Society of India's annual carnival scheduled for September, no buyer is expected to make any major decision without first viewing the latest technology on display. So, demand will stay slack. Companies seem to be acutely aware of this.

For example, as headhunter Satish Doshi points out, Wipro Infotech, a more conservative company, is not hiring any marketing people for the next four to six months. It is not even filling vacancies caused by people who have left. "When it comes to pruning costs, manpower is always the first consideration," explains Raj Saraf of Zenith computers. The layoffs could be a precursor of more drastic restructuring in the industry if the bad times become worse.

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rocessed food exports: a irage?

ong various areas identified by var- s government and business organisa- is as thrust areas (ie, areas of hope) the future of exports is that of pro- sed food exports. The vast resources country has in terms of sunshine, fer- land, various climatic regions, good fall and so on, the theory goes, can be nslated into large exports of food ducts.

urther, the proponents say that pro- sed foods fetch better prices than raw mmodities and so are the hope of the re for large export earnings. If this ory is not applied carefully, it could in an exercise in futility. Recent ds in agricultural prices, even before massive increases that those arguing "Bharat vs India" called for, seem to gest that this prospect of abundant ort earnings from processed food ex- ts may recede continually like a age.

e factor

sider milk. With floods and deluges g created practically daily by offi- dom, one gets the impression that the ndant milk flowing in this country resents a valuable export resource, ei- directly as a milk product (eg, pow- butter, etc) or as an input into ducts such as biscuits that use cereals milk among other substances. How- , the price of milk suggests otherwise. ilk in Bombay (before the recent e increase) costs from Rs.9 to Rs.14 litre depending on its origin, and fat SNF content. Translated into US dol- this would be between $0.45 to $0.70 litre or $1.80 to $2.80 per US gallon.

irst, this price is comparable to US re- prices, even though our milk is pro- ed in a supposedly lower cost nomy.

econdly, could any award winning y specialist explain why a litre of milk ld cost the same as a litre of petrol h has been:

ade from oil that has been pumped rom 10,000 feet below the earth's sur- , from wells dug after very expensive mic exploration and test drilling, h produces some 49 dry wells for ev- roductive well;

ansported thousands of km to refin- eries in India:

- refined in expensive refineries costing thousands of crores of rupees:
- distributed to every nook and corner of India over thousands of km, undergoing evaporation and storage losses: and
- subjected to a tax of some 200 per cent of its ex-refinery cost?

If you think milk is special, perhaps because it is perishable and needs refrigerated storage and transport, etc, consider sugar. It is now said authoritatively that India is the largest producer of sugar in the world. Yet consider the price of Indian sugar. At Rs.8 per kg, it works out to Rs.8,000 per tonne or $400 per tonne. In contrast, the international price of sugar reigns at around $275-300 per tonne (incidentally in a recent export auction, the Indian government fixed a floor price of $280 per tonne).

Once again, the retail price compares with the retail price in the US even though India is supposedly a lower cost economy, and what's more, the international bulk price is significantly less than our prices, necessitating subsidies for exports. This despite our being the largest producer in the world and despite fertiliser, water and power subsidies to agriculture. Clearly, inattention to yields and productivity are the culprits in this sad scenario.

Grim picture

Moving on to cereals, take wheat; our prices reign at around Rs.4 per kg, ie, Rs.4,000 per tonne or $200 per tonne. In contrast, world prices are around $75 per tonne, or a third of our prices. Once again, this is despite our having one of the largest wheat crops in the world. Rice presents a similar picture. Edible oils are of course a horror story in themselves, and so are pulses/legumes.

In this sort of a situation, can we really expect significant exports of processed foods? First our raw material costs are also high, as has been pointed out above. Secondly, our machinery costs are high because of import duties. Thirdly, our working capital costs are high because of high interest costs. Finally our weather poses a severe problem for storage of food products, even in processed form because of rapid oxidation and infestation by pests. The picture is grim indeed.

The only consolation is that much of the export price is foreign exchange value added, because only some of the machinery and perhaps packaging are imported. Nevertheless, if exporting is a losing proposition without heavy subsidies, which are not likely to be sustainable in the long run given the Indian budgetary situation and the international trade situation at GATT, it is difficult for individual enterprises that have to achieve the actual exports to mount a sustained effort and aim at substantial market expansion.

Niche products

Where the picture could be brighter is in the case of niche products like exotic fruits (and flowers). Alphonso mangoes are a good example, if only we would improve our packing and shipping practices, as well as establish grading standards (quality plus size), so that the buyer is assured that he is buying a known product, instead of some variable product that he must closely inspect to assess its value. Nevertheless, even in these areas, attention must be paid to yields and productivity to meet the needs of the growing markets which we are aiming at.

Newer products too can be thought of, such as pomegranates and guavas, if international marketability considerations are injected strongly, into growing, processing, storing and shipping and selling them as the New Zealanders have done with their Kiwi fruit.

Finally, it never hurts to re-emphasise the need for establishing strong Indian brands/appellations-of-origin. As an example, the Israelis have done a splendid job with Jaffa oranges and we have much to learn from such successes.



■ PRAKASH G HEBALKAR

The author is an international business consultant based in Bombay. He was ear lier senior vice-president with a major information technology company

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TURAL GAS PRICING

he contentious Kelkar report

some time now, gas consuming indus- s have held that domestic prices are high. Producers hold that present es do not adequately cover costs. The artment of petroleum and natural gas PNG), which is aggressively promot- natural gas use to replace conven- al energy sources now must reach a sensus.

or the moment that is proving diffi- . There is substantial disagreement ween the recommendations of the mittee constituted to review the price atural gas (headed by BICP chairman y Kelkar) and the DOPNG over both method of computing ONGC's cost of duction and the final price.

fering prices

ally, the ministry of petroleum and micals has altered several of the com- tee's recommendations. It has argued t it is unnecessary to charge different es to producer and consumers and gests that the final price of natural should be fixed at Rs.2,500 per thou- d cu.m. instead of Kelkar's recommen- ion of Rs.2,000 for consumers and ,500 for producers.

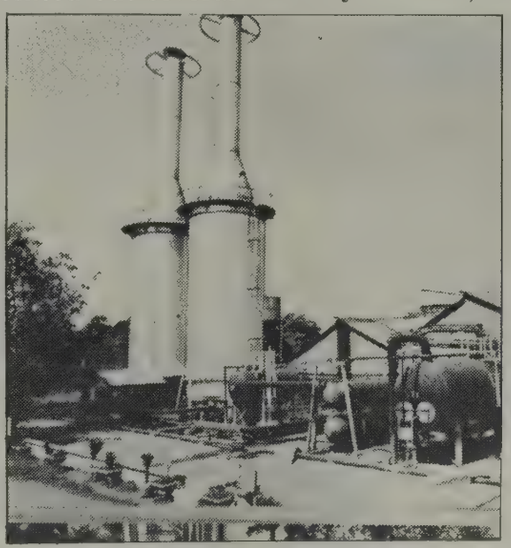
his is not a new disagreement. An r-ministerial committee had (in 4-86) similarly recommended the de- ing of producer and consumer prices. consumers' price of gas should main- parity between it and the fuel that it laced in the user industry (its oppor- ity cost) was a committee suggestion. t of producers' would compensate m in accordance with their long run rginal costs (in this instance, the MC of gas production at South Bas- , ONGC's newest free gas facility).

he government and the committee of retaries, however, rejected the recom- ndations of the committee and prices ained identical for both producers consumers (the producers' price). price implemented in 1987 would for a period of three years until its n expired in March 1989. A fresh com- tee was appointed thereafter.

ow, the Vijay Kelkar committee has ommended that the present price of ,400 per thousand cu.m. was inade- te. Besides, it also, like its prede- sor, sees the necessity of separating ducer and consumer prices. A final price of Rs.2,000 per thousand cu.m, it said, appropriately reflected the consumers' ability to pay. This price would be reached in three years with annual jumps of Rs.200 per thousand cu.m.

To arrive at a producers' price the committee used the long-run average cost of gas production from the South Bassein field. Using ONGC's cost of production (computed to Rs.1,450 per thousand cu.m. considering that the development of future gas fields will be more expensive than South Bassein) the committee recommended a final producer price of Rs.1,500 per thousand cu.m.

The DOPNG has pointed out several flaws in such a calculation. The committee considered cost data only for the South Bassein gas field, the last major field developed by ONGC, while ignoring costs of gas development elsewhere in the country. The committee has said that data for others is incomplete and it is difficult to apportion costs between gas and crude production in associated fields. Over the last few years the trend of exploration has been the discovery of small and marginal fields. The cost of developing these is much higher.



Therefore, the DOPNG concludes that the long run marginal cost rather than the long run average cost is the more appropriate principle for gas pricing. A producer price of Rs.1,500 per thousand cu.m. does not consider losses incurred from foreign exchange fluctuations and the higher corporate income tax that is higher now at 43.2 per cent instead of the assumed 40 per cent.

It is important to consider that the Eighth Plan envisages gas utilisation of 98 million metric standard cubic metres a day (MMSCMD) (equivalent to 33 MT of oil). To make this possible a significant portion of the Rs.27,650 crore investment allocated to the oil sector during the Eighth Plan will be apportioned. Besides, ONGC and OIL will be investing Rs.4,000 crore directly in gas projects and GAIL another Rs.3,500 crore. Such investments are unlikely if there is insufficient resource generation.

For the consumers, the committee computed the price of natural gas on the basis of the replacement costs of the feedstock for several industries (that price of natural gas which will give the same per unit cost of the final product using the original fuel which reflects the consumers' ability to pay). The replacement value of gas in the fertiliser industry works to Rs.2,495-2,951 per thousand cu.m.; between Rs.1,942 and Rs.3,280 per thousand cu.m. for the power sector and Rs.3,200 per thousand cu.m. for sponge iron.

The DOPNG, however, pointed out that it will be discriminatory (and impractical) to charge different prices to each industry. Instead, the CIF import cost of fuel oil (Rs. 2,000 per thousand cu.m.), the replaced fuel in the major consuming industry (fertilisers), represents the true economic cost of the domestic use of natural gas. The DOPNG considers using CIF price of fuel oil erroneous, natural gas replaces naphtha in the fertiliser sector, and HSD in power plants. Consumer price then must be the CIF value of naphtha/HSD which is Rs.2,500 per thousand cu.m.

Transportation cots

For the costs of transportation, the committee said that the present price of Rs.850 per thousand cu.m. was adequate against GAIL's request of Rs.1,037 per thousand cu.m. The committee has besides assumed 100 per cent utilisation of the pipeline for 365 days a year. That is unrealistic, a throughput of 16.2 MMSCMD for 330 days would be more appropriate. Besides, for the present rate of utilisation, the cost of transportation is even higher. The DOPNG has said that transportation costs must be at least Rs.1,219 per thousand cu.m. The committee has, however, turned down the request for a different cost along the HBJ pipeline owing to practical difficulties of computing costs. All this adds up to a string of contentious issues.

■ ARIF SHARIF

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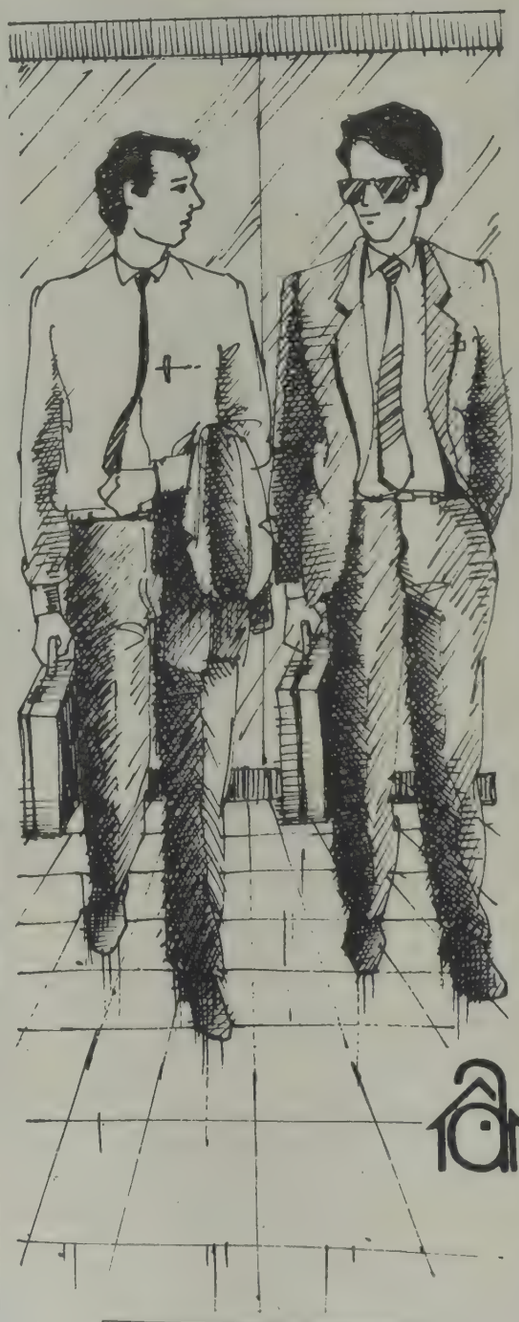
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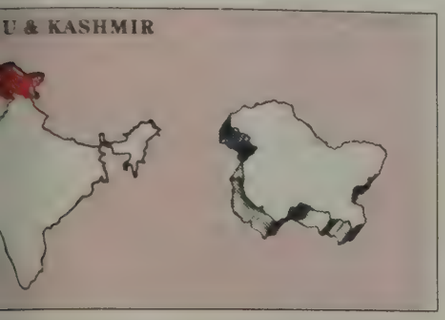
Ashiana Centre, Adityapur, Jamshedpur,
Tel: 87853, 87869.

STUDIO IX

Executive Club

Mahima/APPL/91.

A new concept in executive li



attered economy

raged by a record inflow of over 00 tourists in 1988, the Jammu and nir Tourist Development Corpora- ad decided to set up three new res- nts. On one of the restaurants alone prestigious Wazwan at Srinagar — nt Rs.18 lakh. But a year later, Waz- as forced to shut down after a bomb by Islamic funda- alists who protested rving of liquor.

other two, also in gar — the barbecue ashmashahi gardens, fetched Rs.7 lakh a n for JKTDC, and the un restaurant on vard road, which d Rs.8 lakh a season ur months) — soon the Wazwan way too. te of these three res- nts typify the impact litancy on trade and try in the state.

rism, the state's revenue earner, has into a tailspin, with hope of revival unless olitical climate there changes dra- ally. The initiative gained by the after its Rs.2.7-crore advertisement n 1987 has been lost in the fear psy- s generated by the tension between overnment and the militant groups. rding to travel agents, who are faced nass cancellations, Srinagar is regu- being struck off tourist itineraries. ear, only a pathetic hundred tour- turned up at this picturesque ation.

988, over 600,000 domestic tourists pproximately 60,000 foreigners vis- ashmir. Though the number of for- ourists rose by 8,000 in 1989, overall t arrivals declined by approx- ly 200,000. And in 1990, only 400 ts were attracted to the state.

lier a *shikara* owner earned between Rs.75 and 150 a day. Today he has no work. Craftsmen and handicrafts merchants too have no tourists to sell their wares to. All the small-time traders and businessmen are caught in the crossfire between security forces and the secessionists. They walk a deadly tightrope between not betraying militant friends and relatives, and not alienating the government. "Still," says 49-year-old Ghulam Qadir (not his real name), a *shikara* owner on the Dal Lake, "it is safer to speak against the security forces, than to speak against the militants. The latter is sure to result in death."

Travel agents rue the fact that they can no longer include Kashmir, a major Indian attraction, as a holiday destination in their brochures. Says Navneet Sahni, deputy manager of Inter Globe Holidays, a travel agency based in Delhi, "We had reached a stage when Kashmir was included in the itinerary of every Spanish travel agency. But now we have lost between 30 and 40 per cent of the Spanish tourists, who visit India only for Kashmir." Says Inder Sharma, chairman of Sita World Travel: "We tried to replace Kashmir with Kulu-Manali, but that did not succeed due to a lack of infrastructure." Nepal has been quick to take advantage of this vacuum and Kathmandu has become *the* summer destination.



Bomb attack in Srinagar: tourism up in smoke

The first time blow to tourism came in June 1983 when the state witnessed large scale rioting after a controversial assembly election. The tourist inflow declined further when violence escalated in Punjab, and the year 1984 ended with arrivals of only 400,000.

The state's tourist industry tried to combat this by sending officials on goodwill visits to foreign countries. Also a plan was chalked out to develop the Jammu-Srinagar national highway, and new facilities were provided in government hotels. New tourist spots like the historical Buzorama near Harwan and the ruins of Avantipura were promoted.

At a stand-still

Then again, the slopes of Gulmarg were to be sold as a major centre for winter sports with cable car facility. Towards this end, the Jammu & Kashmir Cable Corporation was floated in 1986 to raise finances. The project was partly financed by the Centre from the Rs.1,000 crore promised by the then prime minister, Rajiv Gandhi, when he visited the state. Sadly, the cable car project became embroiled in kickback controversy and is now at a stand-still.

To make matters worse, technocrats from foreign companies providing knowhow for projects in the state are now wary of visiting the state. This follows the kidnapping of two Swedish engineers, working at the URI civil project of NHPC, by militants, and the alleged molestation of a foreign woman by security forces stationed in the tourist reception centre complex itself.

The tragedy of Kashmir is compounded by the apparent hopelessness of the situation. As the determination of the militants fighting against the Indian presence becomes stronger and gains popularity, the economic hardship faced by the people in the valley is increasingly being interpereted as sacrifice for a better tomorrow. Says a spokesman of the Muslim Jan Baaz Force, a separatists outfit, "This is a temporary phase for Kashmiris. We have been neglected by India, and our development is negligible. Once we are free from India, we will progress. *Inshallaha*."

However, the average Kashmiri's primary concern is bread and butter. A houseboat owner summed up the sentiments of the people accurately when asked if he was in favour of Pakistan, India or Independent Kashmir: "I want business so that I can feed my family as I used to."

■ E.O.M

COCONUT FARMING

Sprucing up in Kerala

During the Second World War — so goes the military legend — coconuts saved many lives. Wounded soldiers were given transfusions of coconut water, the only available fluid which was safe, being absolutely sterile. Today this humble nut itself needs a health-restoring transfusion to rejuvenate its ailing state.

Kerala, the country's principal producer of coconuts, has been witnessing a production stagnation during the past decade. In 1979-80, the state produced 3,032 million nuts. Production continued to hover around this level in the years that followed, dipping to a low of 2,602 million in 1983-84. The percentage growth over the decade 1974-75 to 1984-85 was negative: -8.7. In contrast, this percentage for neighbouring Tamil Nadu grew by 49 per cent.

Production rises

But by the beginning of the nineties, things looked up. Good rainfall in 1988-89 enabled production to rise by more than 25 per cent over the previous year to reach 4,215 million nuts. This growth continued and the next year Kerala saw the highest ever production of 4,394 million nuts (*see table*).

However, cheerful these tidings may have been, productivity has been on the slide. From around 5,500 nuts per hectare during the seventies, productivity dropped to 4,500 during the early eighties. How dismal these levels are becomes obvious when placed alongside the figures for neighbouring Tamil Nadu. In 1984-85, Tamil Nadu's productivity was 10,650 nuts per hectare, over twice Kerala's level of 4,925 nuts.

Much of the cause for Kerala's low productivity can be traced to poor farm practices. Adding to the problem is the scourge of recent years — root wilt disease, for which no cure has yet been found and which causes an annual loss of around 1,000 million nuts, chiefly in the eight southern districts of Kerala. The State Planning Board estimates that out of a total palm population of 16 crore, over two crore has been made uneconomic by old age or disesase, and needs to be immediately replaced.

Plantation density is one problem. According to agricultural scientists, productivity suffers when density crosses 200 trees per hectare. But in Kerala the average density is over 230 trees per hectare. The state's directorate of agriculture and Kerafed, the Federation of Cooperative Societies of Coconut Farmers, have been trying to get farmers to fell old palms so that production will increase in the medium term. They stress replanting with hybrids developed by the Central Plantation Crops Research Institute and the Kerala Agricultural University.

Another problem area is fertiliser use. The commonly used fertiliser formula known as 'coconut mixture' cannot be uniformly applied to all soil conditions. Factors like soil type, distance from the coast and availability of water necessitate alterations in the fertiliser mix. Further, application should be during the manuring seasons of the monsoons, ie, May-June and October-November. The Kerala government agencies have also been trying to dissuade farmers from cutting the palm leaves for sale, an act which deprives the palm trees of mineral nutrients, particularly if the leaves are green.

Scientific package

To prove to farmers the efficacy of these agricultural techniques, Kerafed has created 3,600 demonstration plots in its cooperatives. Each plot covers an ar 0.25 hectare and applies the entire p age of scientific techniques. Many of t measures have found a ready avenu the 'group management' system for c nut cultivation that the Kerala gov ment launched last year. On the hee the successful group management tem, 638 panchayats have been sele to represent the state's major coc producing regions. Around 5,000 gr ings of coconut farmers were forme these panchayats. Irrigation, scien manuring, spraying insecticide and o agricultural management measures now undertaken on a group basis.



Stable prices encourage better farming

thused by the results, the state gov ment has raised by Rs.50 lakh the buc for the scheme. The directorate of agri ture thus has Rs.175 lakh this year group management of coco production.

Not surprisingly, agricultural ex sion workers have discovered f Kerala's coconut farmers a direct relation between price stability and vestment in good farm practices. F 1986 to 1988, for instance, when coc prices were depressed, farmers sl away from using fertilisers. This promptly reflected in production fig (*see table*).

But for the past couple of years, ma intervention operations by Kerafed helped maintain reasonable price le for coconut and its products like co This has in turn motivated farmer plough back part of their earnings productive agricultural practices. one senior officer of the state's direc ate of agriculture, "There is no doubt the outlook for coconut has improve a lot more can still be done if scien practices spread." ■

K.G. KU

Coconuts in Kerala

Year	Area ('000 ha.)	% change	Production million nuts	% change	Productivity nuts per hectare	% change
1985-86	704.68	2.47	3377	–2.2	4772	
1986-87	706.10	0.28	3173	–6.0	4492	–5.86
1987-88	778.37	10.10	3346	0.4	4315	–3.94
1988-89	816.88	4.80	4215	25.9	5159	19.56
1989-90	878.89	7.60	4394	4.2	5016	2.77

Source: Economic Review 1990, State Planning Board, Trivandrum

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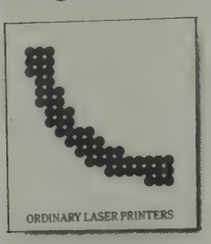
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ADDISONS & CO

A study in excellence

The Madras based Addisons & Company Ltd, belonging to the Amalgamations group, is another one of those little heard of, low profile companies. Yet, it happens to be the largest manufacturer and exporter of high speed steel (HSS) cutting tools in the country. Cutting tools are an important adjunct to machine tools as the performance of the latter is directly dependent on the cutting tools used.

Addisons finished the year with a turnover of Rs.70 crore, of which exports constituted Rs. 16 crore. The company has had a phenomenal export growth rate of almost 700 per cent during the last decade. (Its total export sales was only Rs.2.13 crore in 1980-81.) "We are all set to reach an export sales figure of Rs.21.5 crore in the current year," says J.V. Harinath, general manager.

No foreign technology

Addisons initially distributed imported HSS cutting tools and went into its manufacture in 1955. No foreign technology was considered and by 1980, the company had become the country's largest manufacturer and exporter of HSS metal cutting tools. Currently, Addison's cutting tool exports exceed 70 per cent of the country's total export of HSS metal cutting tools. The present range of cutting tools manufactured includes twist drills, milling cutters and reamers. The company has the distinction of being one of the largest manufacturers of twist drills (tools used for punching holes in metal) in the world.

Addisons' first foray into the exports market was in 1964, when the company realised that it was not possible for the domestic market to absorb the entire production. Says Harinath, "In order to ensure optimum utilisation of our plant, it is our conviction and policy that the export market should act as a buffer especially in view of the periodical uncertainties in the domestic market. It is also not possible for any product to maintain a consistent growth by depending only on the home market." Exports have enabled Addisons to achieve a capacity utilisation of over 100 per cent during the last six years.

Cutting tools are among the thrust products identified by the government for export. In 1990-91, Addisons exported cutting tools to 25 countries around the world, covering the continents of Europe, the Americas, Australia, Asia and Africa. All the exports of the company are to hard currency areas. Addisons has been a net foreign exchange earner during the last eight years despite intense competition from leading tool manufacturers in the industrialised countries as well as from tool manufacturers from South Korea, Israel, Brazil, China and East European countries.



Cutting tools: more than 4,000 types manufactured at any point in time

This has been made possible because of stringent quality standards maintained by the company. Capital expenditure incurred in the last decade for upgradation of technology and modernisation has exceeded Rs.17.50 crore and for the current year (1991-92), a capital expenditure of Rs.5 crore has been earmarked. Besides, the unit cost of production has been reduced as a result of an automation drive and adoption of highly productive and sophisticated machines. The introduction of numerically controlled (NC) and computer numerically controlled (CNC) systems on machine tools has increased the demand for the manufacture of a new generation of metal cutting tools.

Another reason for Addisons' success is its close personal rapport with overseas clients. "Our major strength in the global market is the strict adherence to delivery schedules which is normally a critical proposition in the cutting tool industry as there are more than 4,000 different types, sizes and specifications of cutting tools manufactured at our works at any point of time," says Harinath.

Focus on exports

The overseas market for cutting tools is broadly classified into two categories. Industrial distributors supply cutting tools to the ever increasing replacement market. And the second group of buyers consists of leading cutting tool manufacturers who distribute the products manufactured by little known companies under their own brand name. Addisons has an equal share in both these sectors.

According to senior officials in the Addisons marketing department, they have been successful in persuading some of the leading tool manufacturers in Europe, the US and Australia to stop manufacturing some of the cutting tools in their range and instead source them from the Madras company. "This was feasible because the manufacturing cost has been accelerating at a very high rate in all the developed countries and the quality of our products meets international standards," says Harinath.

But even though Addisons has been remarkably successful in the last decade, the rapidly changing global scene is causing concern. Developed countries are slowly closing their doors to India. The new trade pact between the US and Canada, Super 301 and a post-1992 unified European market — are all pointers to lesser trade relations with India. With the help of the Confederation of Engineering Industries, Addisons has taken the initiative to secure the all-important ISO 9000 accreditation. Simultaneously, other markets are being looked at. The focus is on exports to central America. "While only 2 per cent of our export sales was to the developing nations in 1988, in 1990-91 this was 20 per cent. We plan to increase it to 30 per cent in the current year," says Harinath. If Addisons continues to use its winning formula, this target should not be difficult to achieve.

■ A. S. PANNEERSELVAN

SUBSIDIARY AGENCIES

Fortune favours a few

Some call them 'satellite agencies'. Others prefer the term 'associate agencies' or simply 'second agencies'. As it tends to happen in the advertising world, there's a different label for the same thing.

In the late seventies and early eighties, major Indian agencies followed the international precedent of launching subsidiaries in a bid to grab a bigger share of the booming advertising market. Big agencies, with clients in almost every product category, were loath to lose competing accounts to rivals. With the birth of the babies, the conflicting accounts could be kept in the family. An additional benefit was that the smaller agency could take on the small budget clients, whom the parent agency found uneconomical to service.

Clarion Advertising Services was the first with Acil, but it was when giant Hindustan Thompson Associates started Contract Advertising and Promotions Ltd in 1979 that the trend caught on. Says Bal Mundkar, chairman, Ulka Advertising, "We were getting more business than we could take on, so we took a page out of Thompson's book. It's very difficult to turn down business." Ulka established the Delhi-based Interface in 1983, Everest Advertising started The Edge in 1985, DaCunha Associates came up with Victa, Ogilvy and Mather had its own protege, Artig, and Lintas branched out with Karishma. The newest offspring is that of Mudra Communications, which spun off Interact as a separate agency and bought over the 21-year old Vision Advertising last year.

Skewed profile

At the end of the decade, the profile of these second generation agencies is still skewed. Contract towers over its peers with billings of Rs. 28 crore. The eighth largest agency in the country, it is the only subsidiary which has made it to the top ten. Says Ram Sehgal, president of Contract, "In 1986, when we restructured Contract, our aim was to reach the top ten." In 1986, J. Walter Thompson acquired a 40 per cent stake in the Indian Grant Kenyon Eckhardt, and HTA bought 60 per cent. GKE was renamed Contract Advertising India Ltd, and the earlier agency, CAPL, turned into Fortune, HTA's financial communication division in 1990.

The only other major success story among the subsidiaries is Karishma. Set up in 1986, it has pushed ahead of the others with billings of Rs. 12 crore. Not coincidentally, Karishma's mentor Lintas is advertising's other Big Daddy.

While HTA and Lintas are proud parents, others haven't had the same kind of luck with their offspring. In 1988, the Everest-owned agency, The Edge was a rising star on the advertising firmament with billings of Rs. 6 crore. But soon things started going wrong with the agency. One major client, Burroughs Wellcome, decided to close down its consumer division, and Double Cola reneged on bills amounting to Rs.50 lakh. The exit of Mukesh Gupta, managing director of

Photos by Pankaj Desai



Sehgal: aiming to reach the top

The Edge, last year with accounts like Leela Kempinski, Cliff shirts and Clue Leisure Wear, followed by the resignation of Everest's managing director Munawar Syed was the final blow. The beleaguered Ahmed Ibrahim of Everest cried off from talking to *Business India*, asking to be left alone to put things in order.

Where The Edge has had a spectacular fall, others have hardly made any waves. Acil has sunk without a trace with Clarion battling for its own survival and Victa has quietly closed shop, its people returning to the DaCunha fold. Interface is still in the minor league with billings of around Rs.3 crore. Says Mundkar of Ulka, "Our Delhi branch, in fact, does business of Rs.6-7 crore annually. But we are in no hurry to grow. Interface is a productive profit centre, and is doing good work." Artig, which is in the O&M fold has its main business in Calcutta and Madras, and is plodding along with billings of Rs. 4 crore. While O&M has no financial stake in the agency, (it is owned by the staff, most of whom are former O&M employees) it has been providing managerial expertise to the agency. Says S.R. Ayer, chief executive, O&M, "Artig is loosely associated with us. As such, we have no second agency."

What makes a second agency tick? "To make a success of a second agency, the parent must itself be established, dominant, and have enough accounts in diverse product categories. The market must be big enough for both," says Ram Sehgal, who was transferred from HTA to run Contract. Adds Abhijit Almeida, director, Vision Advertising, "Mudra has only now reached the stage when a subsidiary makes sense."

Trikaya Grey's managing director Ravi Gupta also feels that the stature of the first agency is important. "For us, it makes no sense to start a subsidiary. We ourselves are growing, and we have so many categories open. A subsidiary would only fritter our business and talent."

Most agree though, that it is the attitude and objectives of the parent which decides a subsidiary's fate. Says Ayer, "For O&M, we believe our growth opportunities are in other areas like direct marketing, public relations, and financial communication. A second agency doesn't fit in our growth plans." Mudra, on the other hand, is going all out for growth the subsidiary way. Interact has billings of Rs.8 crore, and Vision finished the first year in the Mudra fold with Rs. 4 crore and a branch in Bangalore. " We are targeting at the smaller clients, with budgets between Rs. 10 lakh and Rs. 100 lakh only. Interact is focusing on the local business in the states. We have clearly defined niches, objectives and growth plans," says Almeida. He estimates that the group will cross the Rs. 100 crore mark this year.

Better off

Those who chose to take over existing agencies seem to be better off than those who set up from scratch. Mudra bought Vision when it's business was only around Rs. 10-15 lakh. "The fact that the agency had its infrastucture in place helped a lot," says Almeida. Sehgal agrees. "The fact that GKE had its offices and infra-

structure set up saved me a lot of time and effort. I could concentrate on getting clients instead of setting up the infrastucture," says he.

Besides clearly defined objectives, it is the agency's level of independence which matters. A subsidiary can make a mark only if it is left alone to formulate its own strategies, without the parent agency interfering in its functioning. Prem Mehta, deputy chief executive, Lintas, attributes the success of Contract and Karishma to their total independence. Noshir Desai, the only one transplanted from Lintas as the head of Karishma, is even more vehement. "Karishma is part of the Interpublic group, and Lintas is only the holding company. If an agency is seen as a little brother, the best clients and talent will stay away from it." But despite this, being in the catchment area for the overflow from the parents has definitely helped both Karishma and Contract. Sehgal concurs. "The HTA connection definitely helps in establishing credibility. A client is assured of a tradition of professionalism and confidentiality." Almost 87 per cent of Contract's business is with clients who are in direct competition with HTA's clients.

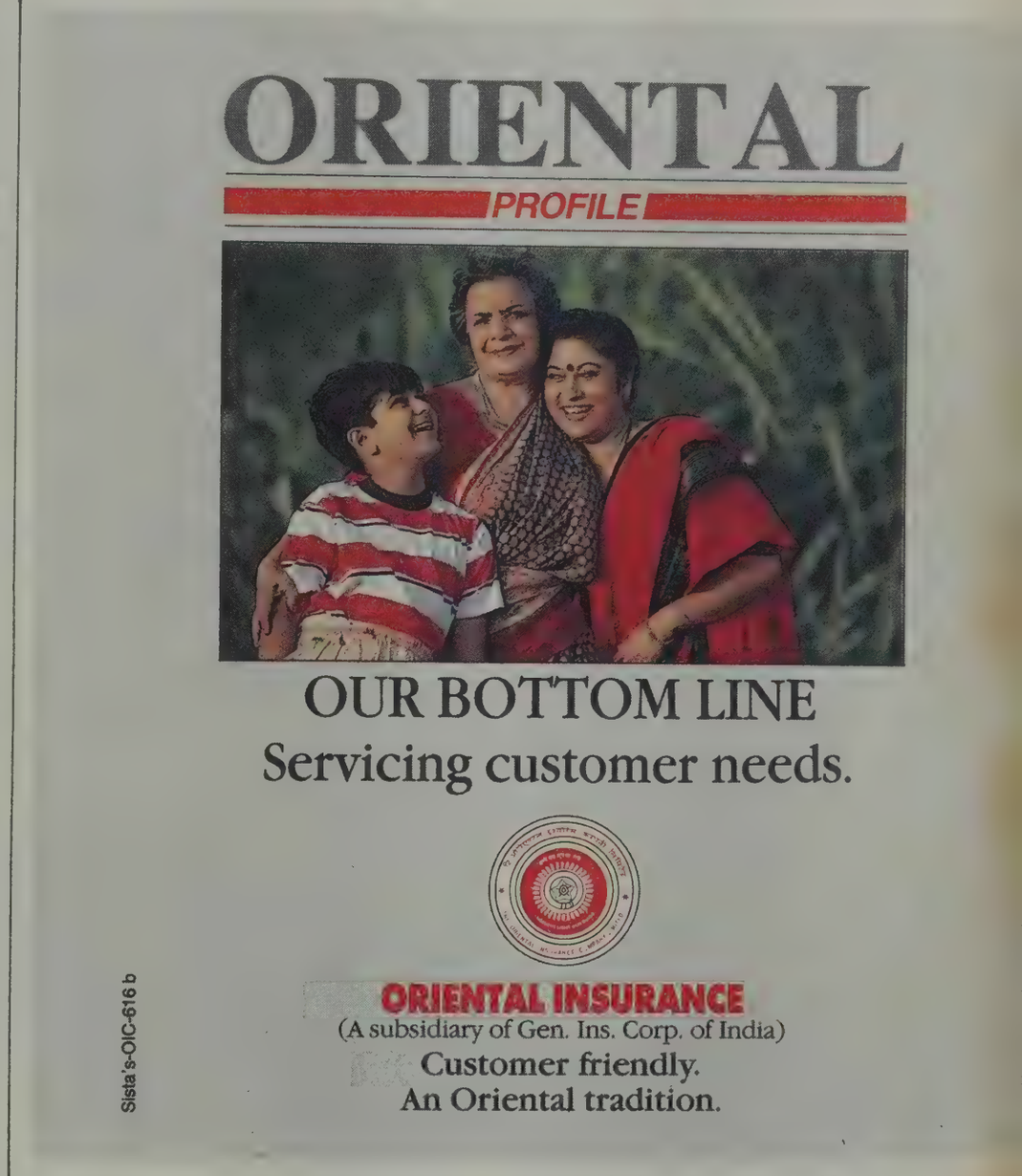
Client's misgivings about confidentiality has been a stumbling block for many second agencies. Admits Mukesh Gupta, now senior vice-president of Clarion, "We had to check with both the existing and prospective clients before taking on competing accounts, and sometimes they didn't agree." Karishma, which recently bagged the Rs.3-crore Kelvinator account, seems to have established a separate identity, not overshadowed by Lintas. "The idea behind Karishma was to cater to clients and employees who prefer a small agency atmosphere while guaranteeing the same level of professionalism," says Mehta.



Desai: transplanted satellite chief

The increasingly competitive atmosphere in advertising, too, has made the going tough for many. "Clients want value for money. With the rise in media costs and credit squeeze, we have to stretch every rupee," says Desai. Many in the business admit that the agencies are under pressure financially, and there is a cash flow problem, as payments are getting delayed. Says Almeida, "Thank god, we have had good clients. For a small agency, delayed payments can be crippling." Though, an agency backed by the financial clout and expertise of a well-established parent has a better chance of surviving than a new entrant. The glory days of the eighties have given way to more demanding clients and slower growth rates. For the parent, then it is a burden to support an ailing or stagnant subsidiary, when they are themselves under pressure. Another development has been the fast growth in areas like financial communication, market research, public relations, and direct marketing, and agencies see their future growth in these areas. And in advertising, everything revolves around the people involved. "There is a severe dearth of good people around. Where am I going to get the best talent for a subsidiary, when I can't find enough for Trikaya?" asks Gupta. The cream of the advertising talent is not so easily attracted, especially to a subsidiary. Unless a second agency can make its own mark, it is inevitably regarded by clients, too, as second rate. And in advertising today it's a struggle for those on the second rung.

■ SUDESHNA SEN



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OVERSEAS POSTINGS

Valuable experience

At this time last year, Shanu Mukherjee was based far away, as country manager of AI's branch office in Tokyo. Meanwhile, P.P. Asirvatham was stationed at the London headquarters of Hindustan Lever's parent company — Unilever. As the senior operations manager in the international audits division, he supervised the east Asian operations. He spent 50 per cent of his time in London and the rest shuttling between the 35 associated Unilever companies in the east — from Taiwan to Thailand.

Both Asirvatham and Mukherjee belong to a burgeoning band of executives who are being posted overseas by their companies to gain hands-on experience of and exposure to the international business environment. In fact, as more and more Indian companies set their sights on the global market place, such postings — whether long or short — are becoming inevitable and managers like Mukherjee are finding themselves placed in charge of international operations. Then again, as multinational companies and banks integrate and standardise their worldwide operations, executives from India, like Asirvatham, have to be circulated among the parent company's headquarters or other subsidiaries.



Asirvatham (right) *and colleagues from Australia, US and Zimbabwe: "continuity with value added"*

A part of progress

In fact, in some companies overseas, transfers are compulsory for senior executives. At Hindustan Lever, for example, at any given time, nearly 35 to 40 senior executives with over 10 years' experience are posted in various parts of the world, for two to three years. "It's part of an executive's progress in the company. It's seen as continuity with value added," explains Asirvatham, who is currently treasurer at Hindustan Lever.

Eligibility norms, however, differ from company to company. In a smaller set-up, merely a recommendation may be enough. In large public sector organisations, like the Bank of India (BoI) or AI, the much coveted posting would be dependent on lengthy performance appraisals. Also, at BoI, only branch managers and their seniors are eligible for senior assignments at any of its 27 branches abroad.

Multinational banks meanwhile have a different rationale. At ANZ Grindlays Bank, explains Girija Pande, general manager, investment banking, "executives considered as group resource material in specialised functions, are usually posted overseas". At Bank of America, says its India chief Vikram Talwar, "Postings abroad are need-based, depending on the calibre and expertise of the executives and where they are required".

And Talwar was required in many places. In his 22 years with Bankam, Talwar has been stationed in America, Japan, Hong Kong, Indonesia and Singapore. Many of the others have also globe-trotted frequently. In his 15-year career with Grindlays, Pande has worked in Seoul, Hong Kong and Bahrain. Similarly, in his 22 years with AI, Mukherjee, currently commercial manager sales and space management, has spent nearly 12 years in various postings in Athens, Paris, Geneva, Singapore and most recently in Tokyo.

How did these jet set executives adjust themselves to a new environment? For those from multinationals, it was not apparently a radical shock. "The Grindl culture prevailed everywhere," sa Pande. At Unilever, uniformity perm ated even the accounting systems a methodologies, making work even eas for Asirvatham. Helping him further w also a structured one-week inducti programme.

New pressures

But while the broad management cultu was familiar, the pressures and the pa were undoubtedly new. "I had to adju very fast. The pace was frenetic in Seou says Pande, recalling his first forei posting in the Far East, as manager cre and marketing. Indeed, after the slow a bureaucratic tempo of working in a pr tected environment here at home, the e ecutives were jolted by the realities open, deregulated markets, and that international competition.

There was excitement as they exper mented with new products, technologie and strategies, untried by them before Then, there was volatility too, especiall for the bankers, who had to get used t living dangerously. The risks were highe the transactions much larger, but th margins were miniscule — often just quarter or even an eighth or sixteenth o a per cent — and responses had to b sharp and quick. "No issue could be post poned by saying, 'We'll see,'" says Pande "We could not afford that luxury."

To compound matters, many of the ex

utives were posted in untries which were dergoing dramatic onomic upheavals. nde saw the changing e of Arab capitalism en he was in Bahrain ween 1986-88 — as oil ices had plummetted $8 per barrel, the GNP d declined by 25 per nt, and there were nkruptcies galore. ys Pande: "We had to t back, suffer major ses due to write-offs d restructure our erations."

Talwar too played uble shooter while he s country manager in lonesia. A shaky onomy, combined h some poor deci-ns taken by the bank, d contributed to an unhealthy state of airs. What did Talwar do? "Got grey r," he says.



Mukherjee (left) *with Japanese colleague: took calculated risks*

cellent response

the other hand, L.M. Devare, currently I's chief, corporate planning, was nch manager in Tokyo between 1981 d 1987, when Japan was becoming a su-power. "As against working on a mar- of half a yen against the dollar lier," recalls Devare, "there were wild ctuations — sometimes upto 9 yen, king it a paradise for forex dealers."

apan proved a rewarding experience n for Mukherjee of AI. "It became a y profitable route and added substan-ly to the airline's bottomline." To ieve that, Mukherjee promoted India ressively among the Japanese and the ponse was excellent. In fact, despite Japanese perception that India was far away and their aversion to its pov-, heat and dust, "the average, annual 4 per cent growth in visa applications e to 28 per cent in 1989," says kherjee.

or long, AI had been operating three hts from Japan to India via Bangkok. kherjee took the risk of adding one -stop flight, which meant more efforts nsure a full flight. Mukherjee was also rumental in AI's tie-ups with the Ken-, Ethiopian and Zambian airlines, ch enables AI to transport Japanese rists bound for African safaris via nbay, where they change flights for Nairobi.

Working at Unilever, however, was not as competitive as expected. "It's more challenging here as the resources are scarcer, so optimum utilisation becomes more important," says Asirvatham. But the level of achievement was definitely higher at Unilever as decisions once taken were implemented with lightning speed.

Operating flexibility

How do Indian branch offices function abroad? Are their operations truly international? "Of course," says Devare. "Otherwise we have no reason for being there. We can be profitable only if we do business suitable to that environment." RBI guidelines cannot be breached, but there is a lot more operating flexibility. They can, for example, negotiate larger exchange deals and consortium advances then possible here.



Talwar: got grey hair in Indonesia

The disciplined and methodical ways of the Japanese have left a lasting impression on both Devare and Mukherjee. Collective achievers, the Japanese needed little or no supervision. And morning or midnight, work was never left pending. "I have never encountered workaholics like them anywhere else," says Mukherjee. "Also, their planning was meticulous. If 100 people were booked on a tour, rarely did the number drop to 99."

In Mauritius, however, the picture was totally different. Exotic though this 20x25 mile island was, it was not very exciting managerially — as it had no work culture at all, especially between 1973-83, when Pratap Jain was company secretary and chief accountant at Raymonds Mauritius Limited (RML). A joint venture, RML was set up by Raymonds with the local financial institutions to make garments, primarily menswear, for export to the EEC countries. "The Mauritians," remembers Jain, "though intelligent, lacked the will to work hard. Absenteeism was very high. It had a typical tourist island culture of long weekends, and eating, drinking and merrymaking."

Jain, who is currently general manager finance and accounts at Raymonds, also faced the unpleasant task of winding up RML when the EEC changed its rules of origin and competition from Hong Kong caught up with the company. Yet, with 20 per cent of Raymonds' fabrics being sold locally, Jain, as a finance man, gained new experience in marketing.

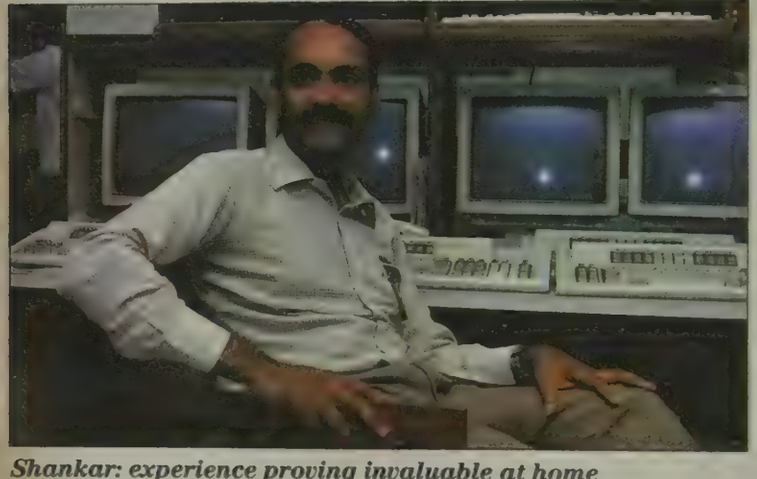
Settling in quickly

With friendly colleagues and the resident Indian community only too willing to quickly launch new compatriots into the social scene, settling into the new and often affluent lifestyle is quite effortless

for most executives. What would have been exorbitant bills — for accommodation, transport, education and regular holidays to India — are footed by the companies. And the pay scales are international, though only for the executives in multinationals.

Executives in foreign branches, otherwise, are on the Indian pay scale supplemented by overseas allowances. "That is not very rewarding," says Jain, "I could have made more money in the Gulf." But Devare was satisfied: "The bank looked after us well. We go with Indian values, and don't suddenly turn extravagant."

The complaints, however, begin once these executives come back. The absence of the quality of life that they get used to



Shankar: experience proving invaluable at home

— the supermarkets, malls, *et al* — does pinch, especially the family. Professionally, the attention to service, the challenge of competitive business, the business-like attitude of the people and the infrastructural support, are sorely missed. "Whether it was a box of floppies or a new terminal on my desk, it was given immediately," recalls V.S. Shankar, "So we achieved a lot more in an 8-to-5 working day than is possible here in a 12-hour day." Shankar, currently a consultant at the Tata Consultancy Services in Madras, was posted to Kuwait in 1981 while he was working with the public sector Petrochemical Industries Company. He spent seven years in Kuwait developing new software systems.

Though it takes time, eventually, of course, they all do readjust, and are glad to be back. The reason: it is impossible to become a part of a foreign country and totally identify with it politically and culturally. After all, as Devare says, "India is where we belong."

In fact, if the good life alone mattered, there were opportunities aplenty abroad. Many have been tempted to make their postings permanent. "But," says, Pande. "I would succumb, if I was dissatisfied. But when the organisation is giving the right signals, and I am thoroughly enjoying my work, I have no need to even consider another offer."

But Vijay Vittal did consider another offer, though not abroad, as the bank he was employed by, the Bank of Credit and Commerce International (BCCI), was in big trouble. Accused of laundering drug money of the Latin American mafia, BCCI's reputation was in a shambles internationally and the bank's continued existence was in doubt. So in 1990, while he was BCCI's manager credit and marketing in Seoul, Vittal decided to quit and join Classic Financial Services and Enterprise in Bangalore as regional manager. Vittal had even been posted to BCCI's Hong Kong and Bangkok branches. According to Vittal, family commitments — of looking after his elderly mother and his daughter's education — also prompted his decision to be based in India.

The need to re-enter the corporate mainstream, can also be a powerful motivation for coming back. Besides, as these executives ascend their companies' hierarchies, it makes sense to return. As Mukherjee says: "If you really want to manage things, you have to be at the company headquarters."

Indelible mark

The overseas experience always leaves an indelible mark. Executives pick up traits or develop new work habits that become intrinsic to their management styles. Not for Pande the paternalistic culture prevailing here. For him, interaction between seniors and subordinates must be business-like, and yet informal.

Mukherjee, meanwhile, values the people management skills he acquired. So does Devare, who also insists on arriving at a common consensus on projects, like the Japanese. Asirvatham now firmly believes that better preparation, leads to better results. He says, "At Unilever, the pace was not hectic because they were excellent managers of time. Day-to-day activities were planned weeks in advance

More than any other gain, finally, wh makes it worthwhile is that, as Jain sa "The management values our exposur The wider perspective and independe decision-making capabilities develope the fund of innovative ideas accumulate familiarity with the latest technologi and the successful management of peop from different nationalities in an alie environment, are invaluable assets f companies — sometimes intangible, a



Jain: family commitments prompted hi return

sometimes tangible, as in the case Shankar.

The knowledge of the latest hardwar and software, like relational database and UNIX machines, that Shankar ac quired while he was in Kuwait, is now pro ving handy as TCS is doing a lot of work i this area. Pande's experiences are als being put to use. He manages Grindlays international investment portfolio eve here, and since he has worked on thos markets, he can appreciate a foreigner' expectations. Says he: "The global per spective is instinctive now. Some day w too will have to face similar issues, prob lems as well as benefits. It is is importan to be prepared if we want to be aligne with the world."

Even though the country has been slo in entering the international mainstrea at least some companies have had th foresight to begin spreading their wings Consequently they will be the first to ben efit as they are already grooming peopl for the eventuality, long though it may b in coming!

■ INDIRA KHANNA with bureau report

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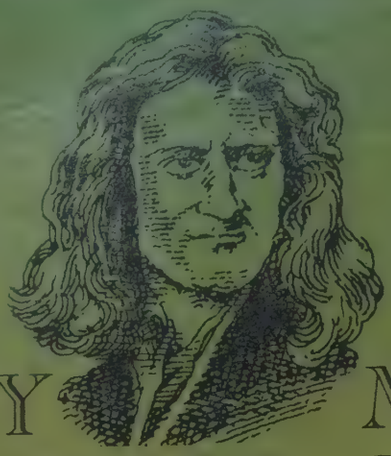
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SOVIET UNION OR DISUNION

Comrades still?

By ALEXANDER PUMPIANSKI *in Moscow, USSR*



ONE OF THE most vivid recollections from my childhood was the day of the elections for the Supreme Soviet when my grandmother got up before dawn and, tiptoeing quietly out the door so as not to wake any of us, went out to vote. The voting booths opened at 6 a.m., so my grandmother had to traverse the entire distance on foot. She went to vote in the Stalin district, where Josif Vissarionovich himself was on the ballot. She wanted her vote to be the first one cast.

Under Stalin, voting was a ritual, a religious rite. The political god was one and indivisible—Stalin, the Party and the Government—just like the Holy Trinity. The people, too, were a monolith and during elections formed an "indivisible bloc of communists and non-party members." There were no choices in elections; voting was merely an act of affirming the faith.

But then Stalin passed away and he was retroactively taken down from his pedestal—and physically removed from the Lenin mausoleum. But the Party and Government remained just as they had always been, words written with capital letters and written side by side. "The Party and the Government have resolved..."—this was a standard cliché, one which in spite of its awkwardness never struck anyone as out of the ordinary. And elections, though of a more down-to-earth nature, remained a political ritual.

The regime had to receive assurances of the boundless love and trust of the masses. All this was mathematically demonstrated: 99.9 and 99.9. This formula meant that 99.9 percent of the population eligible to vote voted and 99.9 percent of them voted For. One-tenth of one percent was allowed not to vote and an equal percentage allowed to vote Against. No more.

Continued on next page

Comrades still?

Continued from previous page

Under Khrushchev, Brezhnev, et al, no one hurried to be the first at the voting booths at 6 a.m., they instead hurried before they closed at 9 p.m. Everyone was supposed to cast a vote. Agitators canvassed houses, promising to fix plumbing that had been broken for the past three years or resurface streets that had been dug up after the last election. Even being ill did not save one from the ritual; they were happy to bring the ballot box to you.

My daughter, who for the sake of good taste I attempted to bring up as a political agnostic, ignored the elections, but her lazy resistance did not affect the general voting statistics. Her grandmother, my mother, raised in a spirit of greater social responsibility, voted for her. The "celebration of democracy" could not be spoiled by absenteeism.

On March 17, 1991, the day of the union referendum, we went out to vote. It should be said that my daughter had better things to do. She was 3,000 kilometers away, skiing in the Caucasus. Having arrived at the polls, my mother began apologizing for my daughter's absence, saying she had to go away on a business trip of extreme importance. The response by the poll worker was astounding. Instead of handing us, as usual, an extra ballot, she yawned indifferently and answered, "So what?" This time, we were to cast only our own votes. But for what?

If one views the referendum as a tug-of-war, then it was a game in which several competing teams were all tugging at the rope in different directions. One team was made up of conservatives who think that if anything changes, the entire system will collapse. Another team consisted of reformers who feel that everything will collapse if left as is. Then there were supporters of central authority and supporters of local authority. There were those in favor of secession from the union and those who see secession as the end of the world.

The final result was a paradox. Everyone achieved victory. In all, at least 70 percent of those eligible to vote went to the polls and 76 percent of them voted in favor of the union. Supporters of a single union breathed a sigh of relief.

In reality, there was little else one could expect. Whatever else might have been concealed in the wording of the question, among the majority of voters the question came down to one of patriotism, order and loyalty—and the majority never wants to see a disruption of the status quo.

The opposition called for a No vote or a boycott of the referendum not because it was against the union; but because it was convinced that the center would use a Yes vote to prevent change and maintain the "imperial" order in the country. Alas, that line of reasoning was too complex to be clear. But the opposition did not lose completely.

In the two major cities of Moscow and Leningrad, the vote was evenly split and in Kiev and Sverdlovsk the majority voted No. These cities are the ones which contain the most enlightened opinions and one can clearly make out trends in public opinion. The leaders of the opposition were not in the least bit disgraced and, in fact, came out smelling like roses. The proposal for creating an elected president of Russia received a resounding 70 percent Yes vote, and the proposal for an elected mayor of Moscow enjoyed even greater support.

Thus, not only Gorbachev, but Yeltsin and Popov secured victories.

Nazarbaev and Kravchuk also came out winners. These leaders of, respectively, Kazakhstan and the Ukraine were very subtle; they didn't completely refuse to heed the call of the central government, but still managed to strengthen their authority through the affirmation of sovereignty of the republics.

Other winners included Landsbergis in Lithuania and Gamsakhurdia in Georgia and others who have been referred to as nationalists and separatists. They too displayed their strength and, by ignoring the union referendum, took yet another step towards secession.

There are many winners, but one should not expect a victors' banquet. They will not all sit down at one table—and this metaphorically expresses best the fact that the once indissoluble Soviet monolith no longer exists.

Arguments about who were the winners and who were the losers may go on for a long time. Nonetheless, it was the first referendum in the history of the USSR and in spite of all its flaws it will go down in history as an important event. When the dust settles, perhaps we will see how far the country has come from the electoral liturgies which were an integral part of my childhood, adolescence and much of my adult life.♦

Alexander Pumpianski is *The WorldPaper* associate editor for the Soviet Union.

New socialist realism

Can Soviets find the time to stick together?

Number of language groups in the Soviet Union: **200**

Number of time zones: **11**

Number of political parties in the Georgian republic: **100**

Estimated number of Georgian political parties in favor of independence: **100**

Number of Communist Party members who resigned from the party in the first nine months of 1990: **400,000**

Number of years Soviet officials admit clocks in the Soviet Union have been one hour ahead of the correct time due to a timekeeping error: **61**

Estimated number of Soviet citizens killed in ethnic conflicts since 1985: **1,000**

Estimated number of refugees of ethnic conflicts since 1985: **700,000**

Percentage of the Soviet Union's population remaining if the six republics that did not participate in the March 17 union referendum were to secede: **90**

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Georgia's raging rebel

Is independent-minded republic headed by patriot or a Mussolini?

BY LEONID MLECHIN
in Moscow, USSR

"UNTIL GEORGIA IS free," pronounced Zviad Gamsakhurdia, head of the volatile Georgian republic, "I will not set foot in the Kremlin." With statements such as this, the 52-year-old Georgian has cast himself in the role of a modern-day Saint George fighting the Soviet dragon.

Georgia is just one of the Soviet republics led by an anticommunist, nationalist opposition. The Georgian Parliament has declared Georgia's 1921 inclusion into the Soviet Union an illegal act, refused to abide by Soviet laws and announced the beginning of a transition period which is to end with the declaration of an independent Georgian state.

Georgia is repeating the pattern set first by Lithuania last year when it decided to secede from the Soviet Union.

The big difference, however, between Georgia and the Baltic republic lies in Georgia's stormy nature. Last year in Georgia, the independence struggle began with a grim round of political terror. Gunmen have been shooting not only at political rivals, but ethnic rivals as well. A full-fledged war is underway between the Georgians and Ossetians, another nationality in the republic that favors remaining in the Soviet Union.

Another important difference between Lithuania and Georgia is the character of their leaders. Lithuania's Vitautus Landsbergis is a professor and a politician governed by reason. Gamsakhurdia is an implacable person with an explosive character whom various political observers refer to, depending upon their political orientation, as a democrat, a nationalist or even a second Mussolini.

Gamsakhurdia, the son of a well-known Georgian writer, is one of the most enigmatic figures in Soviet political life.

Before perestroika, the existence of a common enemy—the communist dictatorship—united all members of the opposition. The name of Gamsakhurdia was uttered along with Nobel laureates Aleksandr Solzhenitsyn and Andrei Sakharov.

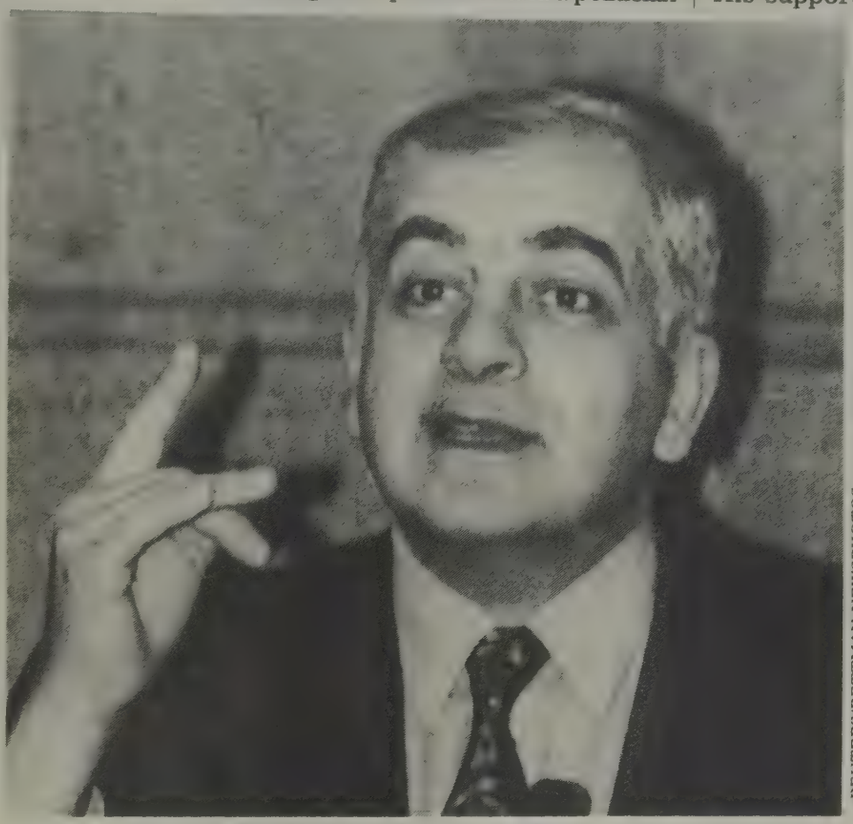
But since coming to power in Georgia, Gamsakhurdia has made statements which have startled his old allies in the Soviet liberal intelligentsia.

His statement "Georgia for Georgians" was a complete and utter shock. His supporters tried to cover for him, saying that he had been misunderstood. Nonetheless, Gamsakhurdia said just what he meant when he stated that mixed marriages were "a threat to the survival of the Georgian nation."

He forbade participation in the March 17 union referendum and later held his own referendum on Georgian independence, which Georgians resoundingly endorsed.

The majority of Georgian's see Gamsakhurdia as a strong, patriotic leader and support him. His plans for the creation of an independent Georgia flatter their self-esteem.

Many in Georgia fear that Gamsakhurdia's intolerance will provoke military intervention by Moscow. But in Georgia, Moscow has no support; there is no fifth column to be found in the local Communist Party. In addition, Georgians are not Lithuanians. They are prepared to fight for their homes, weapons in hand. Gamsakhurdia has warned that if Moscow tries to interfere, Georgia will become "another Afghanistan."♦



REUTERS/BETTMAN NEWSPHOTOS

But will the trains run on time?

Leonid Mlechin is deputy editor in chief of the Moscow weekly *Novoe Vremia*.

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Turkey backs unity, reform

Ankara hopes for a stable northern neighbor

By Haldun Armagan
in Ankara, Turkey

IN THE EARLY 1970s, Pan-Turkism was a significant political movement in Turkey. Supporters of the movement jealously eyed Soviet republics in which reside large numbers of Turkic-speaking nationalities, such as Uzbeks, Tatars, Kazaks and Azerbaijanis. Now, however, though the current tumult within the various republics of the Soviet Union seems to present proponents of Pan-Turkism with an opportunity, their voices are conspicuously silent.

Some say Turkey has learned its lesson after opening its doors to ethnic Turks fleeing Bulgaria when that country was in the midst of its own civil strife. Three years ago, repressive policies against ethnic Turks reached a peak and the former communist regime in Bulgaria tried to force ethnic Turks to change their names to Bulgarian ones. Many of the immigrants found life difficult in Turkey; jobs were scarce, finding housing was difficult and they were disappointed they were treated like foreigners. Since the resignation of the Stalinist Bulgarian president, Todor Zhivkov, in 1989, more than half of the Turkish Bulgarians who fled Bulgaria have gone back.

Some social commentators say the experience has changed Turkish attitudes and helped to squelch utopian dreams. Nonetheless, Turkish authorities are concerned about ethnic Turks in the Soviet republics. President Ozal toured Soviet republics and met with President Gorbachev soon after the Gulf War ended.

But Ozal did not go to chastise the Soviet leader. Turkish policymakers believe the West should still support Gorbachev. For the moment, that means a policy that encourages regional stability —and discourages the breakup of the Soviet Union.

Ozal also proposed the formation of a Black Sea economic community which is to include Turkey, the Soviet Union and Balkan countries. The idea was welcomed by Moscow and negotiations are pending.

Turkish investors are encouraged to invest in enterprises in the Soviet republics not only to help improve the plight of ethnic Turks, but to become an important player in the economic renovation of the Soviet Union.

Nontheless, some political observers here are pessimistic about the prospect of a stable Soviet Union surviving intact. Retired ambassador and foreign policy commentator Coskun Kirca is one of the pessimists: "The Communist Party and Soviet state bureaucracy are now giving a final fight to avoid giving up privileges. Despite the referendum results, the chance of the Soviet empire collapsing seems much higher than of the Soviet economy improving."

For now, Turkish policy remains supportive of Gorbachev and is more concerned with regional stability and prosperity, especially after the recent brush with potential disaster in the Gulf War.♦

Haldun Armagan writes for the Ankara-based *Turkish Daily News*.

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CZESLAW CZAPLINSKI (WARSAW)

At left, Walesa puts Poland first.

Poland's eastern policy: to be everyone's friend

Solidarity government seeks new friendships from old hatreds

By David Warszawski
in Warsaw, Poland

POLAND IS IN an uncommon geopolitical situation. It changes neighbors without changing borders.

Traditionally, the question, Whom does Poland border upon in the East? is politically loaded. The obvious answer, the USSR, no longer seems so obvious, and another one—Lithuania, Byelorussia and the Ukraine—is gaining credibility every day.

As the Soviet empire appears to crumble, Poles are starting to reassess their *ostpolitik*—or, rather, to build it from scratch. In the 1980s, Solidarity established close ties with emigré nationalist movements from bordering Soviet republics in the name of the common struggle against a common enemy. By 1981, the Solidarity congress had issued an appeal to Eastern bloc workers, urging them to follow the Polish example.

David Warszawski is an international affairs commentator for the Polish daily *Rzeczpospolita*.

But the region's nations shared not only a common enemy, but also a common history of mutual hostility. Much of what is now Lithuania, Byelorussia and the Ukraine used to be part of Poland until 1939, when the Soviets marched in under the Ribbentrop-Molotov pact.

Gradually, the new Solidarity-led government has developed a two-track *ostpolitik*: maintaining friendly ties with Moscow while developing contacts with bordering Soviet republics. As repression in the Baltics became imminent, presidential candidate Lech Walesa endorsed the cause of Lithuanian independence. Once elected, however, Walesa backtracked and declared, in the face of strong pro-Lithuanian feelings in Poland, that Polish national interests should come first.

But concern over a hostile Soviet reaction to the Polish government's position was not the only issue involved. Lithuanian nationalists fear possible Polish domination over this small nation (Lithuania had been part of Poland for most of its history), while Poles in Lithuania tend to oppose the country's independence, fearing a possible anti-Polish backlash. The situation remains delicate.

Last October, the Polish minister of foreign affairs, Krzysztof Skubiszewski, visited the capitals of the Russian, Byelorussian and Ukrainian republics. Friendship treaties were struck with Russia and the Ukraine, but Byelorussia backed away.

The old-guard communists still in power in Minsk direct their ire not at Moscow, but at Warsaw, protesting alleged discrimination of the Byelorussian minority in eastern Poland.

Relations with the Ukraine are surprisingly fruitful. The treaty signed by Skubiszewski in Kiev opens the prospect for substantial low-level cooperation, contrary to pessimistic forecasts made by observers before the visit. Though anti-Ukrainian feelings still tend to run high in Poland, as do anti-Polish sentiments in the Ukraine, both nations feel sufficiently strong not to fear the other side's meddling.

The Polish government seems to be betting on an evolutionary development of the current Soviet crisis. Poland, though sympathetic to the aspirations of the Soviet-dominated republics, does not give all-out support for their struggle against Moscow and differentiates between claims made by the once-independent Baltic states and other republics.

But Poland has an economic interest in a stable Soviet Union, a traditional outlet for Polish goods, which are not competitive on Western markets. Turmoil in the East would certainly hurt Soviet markets and the crisis-ridden Polish economy would be seriously affected. Poles also fear the unavoidable influx of immigrants and refugees.

On the other hand, Poland is seriously interested in reducing the awesome power of the Soviet state.

For now, Poland is making contingency plans. The Polish Army is being moved eastward. Official delegations visit Vilnius and preparations are being made to develop formal relations, once Lithuania's status is internationally recognized. Finally, the announcement of Lech Walesa's visit to Moscow was seen as an expression of support for Gorbachev. Though the Soviet leader is not loved in Warsaw, the chaos which seems to be the only plausible alternative to his rule is feared even more.♦

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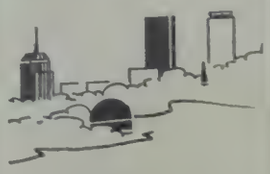
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Can the Soviet center hold?

And even if it does, what is to be done?

By Tatyana Ivanova
in Moscow, USSR

WHAT LIES BEHIND what we call the "center" in Soviet politics? There is the president, the Central Committee of the Communist Party, the Communist minister of defense and the Communist chairman of the KGB. In a word—the center: the leadership of the entire Soviet people.

If one looks at the center as a collective image, it becomes a middle-aged person who is poorly educated, noncharismatic, has a far from ideal command of the Russian language, lacks any sense of humor and is completely outdated in his manner, habits, dress and thinking.

He is most often seen standing before a statue or bust of Lenin delivering a long-winded harangue and using words that ordinary people never use in everyday speech. But his most typical pose, which no one ever sees, is the following: he stands in the middle of his office with a lost look in his eyes and his hands at his sides in a gesture of helplessness. What is to be done now?

Many have grown accustomed to the endless, unmotivated, completely illogical and senseless actions of our unique center and have contrived to gain some advantage over it.

For example, the chairman of the Moscow City Soviet, Gavril Popov, jumped at the opportunity the union referendum offered and added a question to the ballot. So, he asked Moscow, do you believe in me, trust my programs, do you want me as your mayor? Yes, answered 80 percent of the voting Muscovites.

The Russian Parliament asked whether there should be direct elections for a president of the Russian republic. Yes, we would like to elect a president, Russia responded—and, yes, we will probably elect Boris Yeltsin president. Russia trusts Yeltsin and expects only good things from him.

In Kazakhstan, the center's question was answered in the following way: yes, Kazakhstan will become a part of the Soviet Union, but only as a sovereign state.

And now, what is to be done? What the republics, cities and capitals should do is clear. But what should the center do after millions of rubles have been spent? Consider all the funds spent on the propaganda campaign, nothing of its kind had been seen for decades, and consider the cost of deploying all those troops, not a cheap exercise, to merely put on a show of force.

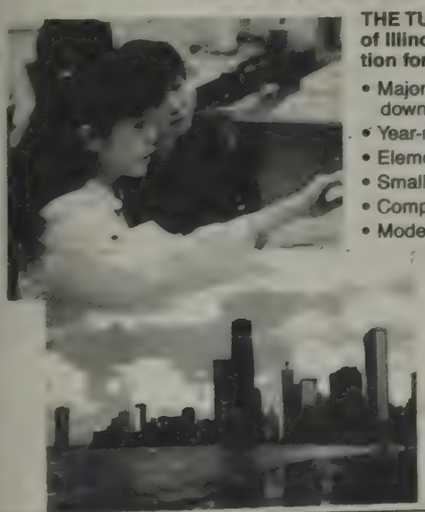
What is to be done now? That comical figure alone in his office before the portrait of a former leader is, no doubt, pondering his options. Since his ultimate goal is self-preservation and as he cannot find the means to achieve this end, he will ultimately employ fear, the simplest method.

A good friend of our center, Saddam Hussein, is now engaged in his own similar struggle for self-preservation. And if our center resorts to the same means employed by Hussein, things will no longer be funny.♦

Tatyana Ivanova is a columnist for the Moscow weekly *Novoe Vremia*.

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Rude awakening to history's cunning

BY SILVIU BRUCAN
IN BUCHAREST, ROMANIA

INITIALLY, EVERYONE IN the East and West assumed that in post-communist societies the transition to democracy would go hand-in-hand with the establishment of a market economy. Since both were considered a must, idyllic programs were presented in all Eastern European nations promising quick progress on both reforms, in perfect harmony. One year later, we have discovered to our deep chagrin that between the two historical tasks there is actually a striking contradiction.

The initiation of a market economy is an extremely difficult and painful social process. The old Stalinist economic model was a politico-ideological construct in which social (dictatorship of proletariat) and political (party monopoly of power) considerations prevailed over economic ones, forcing the economy to function according to the above-mentioned politico-ideological interests. Economic data were falsified and doctored to fit ideological claims; the whole economic picture was a big hoax and East Germany is probably its most glaring illustration, which many Western analysts praised as the "Communist showcase."

The demolition of that monumental make-believe is not only a daunting economic undertaking, but also a psychological trauma for the people involved. And since there is no previous historical experience of such a U-turn and no theory to guide us, we are all groping in the dark. We are going through a period of confusion and chaos even in the countries most advanced on that road, such as Hungary and Poland, in spite of the billions of dollars pumped into these nations from the West.

The situation has made Eastern Europe ripe for social upheaval. The liberalization of prices with the purpose of making them reflect economic reality triggers rampant inflation and, implicitly, a deep dissatisfaction among blue- and white-collar workers and pensioners. For five years Mikhail Gorbachev has been reluctant to face the social effects of price reform. The privatization of industrial plants, which were over-staffed under communist rule, generates massive unemployment.

At the same time, the restoration of democracy brings freedom and the right to set up free unions and to organize strikes. Hence, people in Eastern



I. SMIRNOV (MOSCOW)

Europe are using their new freedoms and rights to protest the sufferings and privations brought about by the transition to market economy; workers resort to strikes against both inflation and privatization. At a time when national productivity is slowing (Romania, 25 to 30 percent; Poland, 30 percent; Hungary, 15 to 20 percent; and Bulgaria, 30 percent) the unions are demanding higher wages and governments, operating under populist pressures, are forced to meet the demands of workers. The new political leaders are "soft on democracy."

Thus, a legitimate question arises: How can one overcome recession if prices and wages are going up while production and productivity are going down?

The first political casualty of that contradiction between market and democracy was the Polish prime minister, Tadeusz Mazowiecki. Considered a serious man for economic reform, he was praised throughout the West for his brave shock therapy. His adversary in the presidential elections, Lech Walesa, seized power on a platform of authoritarianism blended with Polish nationalism, hardly the ideal representative of "the triumph of democracy in Eastern Europe."

Actually, from a historical perspective, the advent of the modern market economy, in its initial stage, also went through classical authoritarian regimes: Cromwell in England, Napoleon in France and Bismarck in Germany. And it took Western capitalism about two centuries to reach the present balance between democracy and the market.

One could also add that, in our time, the success of the four tigers of the Pacific (South Korea, Taiwan, Singapore and Hong Kong) was made possible under authoritarian regimes. But recently, the information revolution has compelled the tigers to adapt their political systems to the imperatives of democracy in the information age. By changing efficiency and productivity and making the individual's creative contribution the engine of progress, the information revolution has dictated democratic reform.

In Romania, the market-democracy contradiction is striking the nation with a vengeance. The government's decision last October to liberalize prices has been met by unions with a wave of strikes. The recent railway workers' strike pushed the national economy close to the brink of collapse. The strikers seemed to act according to the French adage "*Après moi, le déluge*" or the popular American one, "What's in it for me?"

In other words, they did not care at all that the disruption of the economy may undermine the very basis of the new democratic regime, the only point where politics gets a chance to meet the economy. After half a century of brutal and effective dictatorship, people in Eastern Europe are learning democracy the hard way.♦

Silviu Brucan is *The WorldPaper* associate editor for Eastern Europe.



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Krishnamurthy: "We wanted a change"



Avadhani: "We are entering a faster phase"

brothers, therefore, decided to "ex-ent", in 1972, by encouraging their est brother, M.S. Murthy, a student ineering, to get into the detergents ess with an initial investment of 00.

thy concentrated on the detergents t between 1973 and 1977 but fi-decided to opt out. Selling deter-effectively calls for a huge ting network and heavy advertising h of which the budding entrepre-could not afford.

979, Sastry felt they were ready to usiness. Each brother chipped in s.5,000 to set up Malladi Project ement Centre Pvt. Ltd (MPMC), a tancy offering project engineering es in fine chemicals, drugs and aceuticals. They chose Madras a y were familiar with as their base. aneously, they floated Saka Marketing Services Pvt Ltd (SMSPL), a marketing consultancy that also took on selling pipes and pipe fittings. By 1982, both these ventures helped the brothers reach a turnover of Rs.8 lakh.

Then came the big break. In 1981, they approached Southern Petrochemical Industries Corporation (SPIC) with the technology for the manufacture of ephedrine hydrochloride. Sastry had held discussions with the Tamil Nadu Industrial Development Corportion (TIDCO) but the deal had fallen through, because SPIC felt that MPMC had still not perfected the technology. TIDCO's then managing director, H.B.N. Shetty encouraged Sastry to think in terms of implementing the project himself.

The project was expected to cost Rs.1.5 crore including a promoter's contribution of Rs.10 lakh — a sum beyond the financial capacity of the brothers. So, working with the basic research findings of the Central Drug Research Institute (CDRI), Sastry fine tuned the technology for MPMC, which was then offered to the newly set up Malladi Drugs & Pharmaceuticals Ltd (MDPL) for a fee. This amount — Rs.8.5 lakh — formed the promoter's share of the equity of Rs.35 lakh. Rs.26.5 lakh was collected through loans from institutions. The unit at Ranipet, with a 30-tonne a year production capacity, commenced production in 1982.

Ephedrine hydrochloride was then imported, the largest manufacturer being Knolls of Germany. In the beginning, the brothers encountered a series of problems. Molasses, the prime raw material was in short supply, since it was diverted to alcohol manufacture. A 100 per cent power cut slapped on new units applied to MDPL too and the BICP fixed prices at Rs.847 per kg against a viable price of Rs.950 per kg. To top it all, the international prices were much lower than the domestic prices, and there was no control on imports. By 1986, MDPL totted up accumulated losses of Rs.2 crore and the unit came under the BIFR.

"But, all at once, the tide turned in our favour," says Krishnamurthy. MDPL improved the technology, increasing yields from 40 to 70 per cent. Simultaneously, the international prices rose (now Rs.2,000 per kg), making the domestic product (currently priced at Rs.1,650 per kg) more attractive. Firm allotment of molasses was obtained, the power situation improved and the unit got back into shape. "By 1990, our accumulated losses were wiped out," says Avadhani. For the year 1990-91 (provisional), MDPL's turnover touched Rs. 12 crore, with a profit after depreciation of Rs. 2 crore. "MDPL is now well out of the woods," affirms an industry source.

Mahendra Dadha, managing director, Tamil Nadu Dadha Pharmaceuticals Ltd, a client, says, "MDPL is one of the few companies in the drug sector which has ventured into biotechnology-based research.

Efforts recognised

MDPL's inhouse R&D effort also received recognition. It got the Acharya Sir P.C. Roy Award in 1986 and the 1990 award from the department of scientific and industrial research for work done on ephedrine. Once MDPL started functioning, Sastry ensured that an R&D lab was also set up, at a cost of Rs. 10 lakh.

In 1986, Catazyme India (CI) was

floated to manufacture pseudo-ephedrine — a purer form of the drug used in paediatric medicine. It also manufactures catalysts of precious metals, with indigenously developed technology. Emmellen Bio-tech Pharmaceuticals Ltd (EBPL) was set up at Mahad in Maharashtra, with financial assistance from State Investment Corporation of Maharashtra) (SICOM), to produce 30 tonnes of ephedrine hydrochloride every year.

In March 1991, Avadhani took charge as the group's full-time chairman. Sastry, as founder chairman, "plays an advisory role, and is now more keen on getting involved with the R&D aspect," says Avadhani, who is bent on taking the group onto the fast track. Also, TIDCO disinvested its shares in MDPL, giving the family a free hand. The payment which was 2.5 times the value of the shares, "will provide MDPL with the flexibility it needs to grow, without the usual process of sanctions and clearances," observes Avadhani.

The group now plans to diversify into the manufacture of chemicals. Kaushik Chemicals Ltd (KCL) has been set up at Ranipet to manufacture FCC (free from chlorine) benzaldehyde, a chemical used in the manufacture of synthetic ephedrine, currently imported. Out of the total investment of Rs.3.16 crore for this project, Rs.1 crore will be internally generated and the remainder obtained through term loans. Commercial production is scheduled to start by November 1991.

Versatile unit

Another new unit, Catazyme Drugs & Pharmaceuticals Ltd (CDPL) (under construction at Ranipet), will involve a total investment of Rs.2.6 crore. State Industrial Promotion Corporation of Tamil Nadu (SIPCOT) and the Tamil Nadu Industrial Investment Corporation (TIIC), together will chip in with Rs. 1.40 crore, the balance coming from group companies. Being a versatile unit, CDPL will manufacture bulk drugs — to be identified by the R&D wing from time to time — for export.

Manufacture of cephalosporins (antibiotics) will be taken up through a joint venture — Karnataka Malladi Biotics Ltd (KMBL), in conjunction with the Karnataka State Industrial Investment Development Corporation, which will take 11 per cent of the equity. To be set up at Mandya in Karnataka, the project involves an investment of Rs.10 crore with an equity of Rs.4 crore. A public issue of the value of Rs.3 crore (promoters' contribution will be Rs.1 crore) is in the offing later this year. Commercial production is scheduled to begin by July 1992.

The group will consolidate its position as a monopoly manufacturer of ephedrine hydrochloride. "The process has not been replicated by other Indian companies, since a lot of applied research is necessary to perfect the basic technology," says an industry source.

Ephedrine capacity at EBPL is being doubled to 70 tonnes at an investment of Rs.3 crore. MDPL's ephedrine capacity was doubled to 70 tonnes last year. "About 100 tonnes will be exported, mostly to the US," says Krishnamurthy. Exports of this drug started with 8 tonnes in 1988-89, which increased to 25 tonnes the next year.

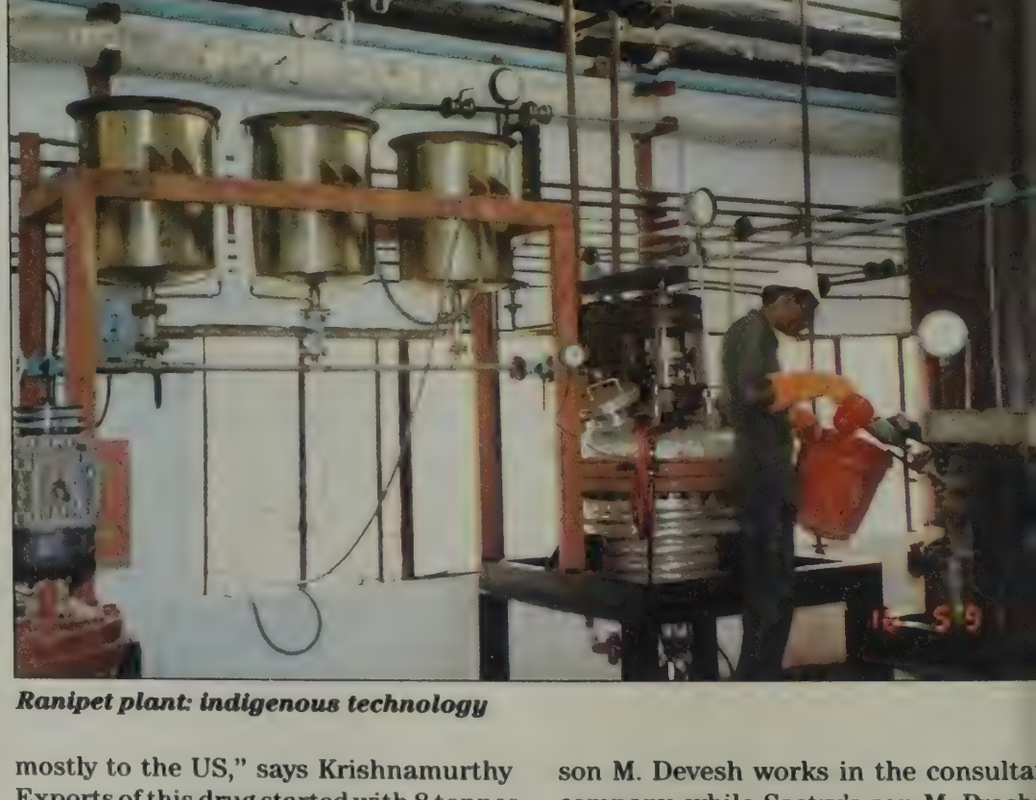
MDPL will also diversify into the area of immunologicals and antigens. It has entered into an agreement with the CDRI, to manufacture filaria diagnosis kits, developed for the first time in the country.

TIDCO's disinvestment will mean an end to orders from government hospitals and dispensaries — hitherto a Rs. 3-crore a year business for MDPL — but the company has been preparing for this eventuality. In late 1990, MDPL made an entry into the open market in A.P. and Tamil Nadu. "Sales of Rs.25 lakh have been effected in eight months in this segment," says Krishnamurthy. This year MDPL will go into Karnataka and Kerala.

R&D will also get its share of attention. In March 1991, the Malladi Research C tre was inaugurated at Madras invol an investment of Rs.2 crore. This unit also handle projects relating to che cals, biotechnology and immunol Also on the cards is an analytical lab tory, to serve the needs of other c panies in Madras. "The aim is to gene resources to make R&D a self-sustain activity," says Krishnamurthy. Curre the spending on R&D is Rs. 1.2 crore annum, involving 15 scientists.

The group is still family-managed. Sharma, the managing director of CI brother-in-law, as is L.L.K. Sastry, managing director of EBPL. Avadha son M. Devesh works in the consulta company, while Sastry's son M. Prash is the executive director of MD "Through a corporate review gro (CRG) which includes the chief exe tives and the vice-presidents, the poli and performance of the group is revie and discussed," explains Murthy, feels that "in time, the group will professionally-managed to a very gr extent." Even outsiders are optimi about the potential of the company. cording to a source in financial circ "The group had some initial teeth problems but it is now doing very well is generating cash profits. It is in a nopoly situation and is gearing up for port. "By 1993-94, we will net a gr turnover of Rs.200 crore," st Avadhani.

■ DHARANI K. P



Ranipet plant: indigenous technology

ig bucks from bones

y as it may seem to some, there are
s to be made in bones — animal
s that is. And not only bucks to be
, but recognition to be had too. Thus
s that the Chemicals & Allied Prod-
Export Promotion Council (Cap-
bestowed its "top exporter" award
e bone and bone products category
ne Madras-based P. Subbaraj & Co,
country's largest bone exporter, for
erformance during 1989-90. During
year, the company despatched 2,000
es of crushed bones and bone prod-
of the FOB value of Rs.2.18 crore.
firm has registered a 75 per cent
th over the last three years," says a
xil source. For the year ending 31
h 1991, the provisional export turn-
is an estimated Rs.4 crore.

ones have several uses. Crushed bone
ed to manufacture ossien, an inter-
iate product which
be converted into
tine. Gelatine man-
turers abroad im-
the material, either
crushed form or as
en. Crushed bones
old in 16 sizes. The
llest, called bone
, is the size of rice
ns and is used to
e activated carbon,
h in turn is used for
iltration of sugar by
ries abroad. Bones
also crushed to
e bone meal, a fer-
er. Other uses are in
nanufacture of glue,
ches, paints and
sives. De-gelati-
d bone goes into the
ufacture of bone china. Subbaraj &
lso deals in hooves and horns, the
r used to make buttons.

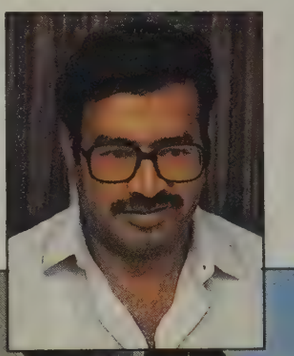


Bones being cured before crushing **(inset)** ***Subbaraj***

ple process

manufacturing process is fairly sim-
"Bones are collected from fallen ani-
— cows and goats — and also from
ghter houses," explains P. Subbaraj,
rietor of the company. Tamil Nadu,
articular, has an organised collection
em. Butchers, cattle owners and
ghter houses sell the bones to agents.
ce the agents have collected 7 to 8
nes, we send a truck to collect the
material," he explains. The bones are cured by being dried in the open for a month, until the "rawness" goes. A quality inspection takes place at this point, and bones which are fibrous, with bits of gristle or hoof sticking to it, are discarded. They are crushed mechanically and then manually sorted into various sizes. These are then packed and despatched for exports.

Bones were certainly not on Subbaraj's mind when he graduated in philosophy. His father, the late Perumal Naidu had turned to bone exports in the early fifties, with a unit set up at Kadambur in the Tirunelveli district of Tamil Nadu. Subsequently he set up units at Villupuram, Madras and Shencottah, all in Tamil Nadu, and also at Vijayawada and Guntakal in Andhra Pradesh. In 1971, Naidu despatched Subbaraj to Vijayawada to oversee the family's now defunct bone meal plant. Thus began Subbaraj's involvement in the business. Thereafter, under his father's guidance, Subbaraj set up a bone crushing unit at Nelkundam, 10 kms away from Madras, in the mid-seventies, involving an investment of about Rs.2 lakh.



In 1976, Subbaraj invested Rs.2 crore to set up a bone crushing unit at Kondapalli in Vijayawada using family funds. Till 1979, he concentrated on supplies to ossien manufacturers like the Kerala Chemicals & Proteins Ltd, India Gelatine and Hind Nihon. In 1980 he started exporting crushed bones, the first consignment being worth Rs.30 lakh.

Gradual expansion

Soon he realised that in order to increase export earnings he would have to offer a range of products. By 1982-83 he set up a glue and de-gelatinised bone plant at Kondapalli near Vijayawada, with an investment of Rs.25 lakh.

"The large spurts in exports came only after 1985, when we increased our product range," says Subbaraj. In the early eighties, crushed bone constituted 75 per cent of the firm's exports. Currently, that accounts for 20 to 30 per cent of the company's exports; de-gelatinised bone 30 per cent; and glue and bone grist, among other products, the remainder.

Last year, European companies were the big buyers of bone and bone products, but this year, Japan is emerging as a major buyer and is offering better prices, says Subbaraj. During 1989-90, only 15 per cent of his exports went to Japanese companies (the rest to Europe) but this year the Japanese offtake has increased to 30 per cent.

"Competition from developed countries, especially the US, where the meat trade is organised, is on the increase," observes Subbaraj, who remembers a time when Pakistan was India's main competitor. Local demand which is an estimated 70,000 tonnes per annum has also been increasing. About 250 small units have come up recently but "only 15 to 20 of these are exporters", says Subbaraj. In an attempt to encourage supply to local ossien and gelatine manufacturers, the government has pegged exports at 25,000 tonnes per annum. However, exports from India today amount to only 10,000 tonnes, at a price of Rs.4,500 per tonne. Therefore Subbaraj will continue to rake it in from his unusual business, and make no bones about it.

■ DHARANI K. PANI

PUNJAB TRACTORS LIMITED

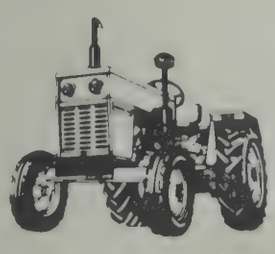
Regd. Office : Phase IV, SAS Nagar, Distt. Ropar-160 055.

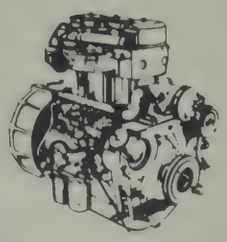
swaraj

Unaudited Financial Results for Six Months Ended 31st March, 1991 (Estimated).

(Rs. Lacs)

	6 Months ended		12 Months ended	
	31.3.91	31.3.90	31.3.91	31.3.90
Sales & Other Income (Net of Excise)	9391	8465	16895	14659
Expenditure:				
Materials	7166	6569	12951	11383
Employees	543	464	1028	871
Selling & Others	398	434	858	809
GROSS PROFIT BEFORE INTEREST	**1284**	**998**	**2058**	**1596**
Interest	154	128	231	211
CASH PROFIT	**1130**	**870**	**1827**	**1385**
Depreciation including Write offs	122	128	267	224
NET PROFIT	**1008**	**742**	**1560**	**1161**
Taxation	395	250	540	400
PROFIT AFTER TAX	**613**	**492**	**1020**	**761**



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OMBAY HOSPITAL

Deathly experience

patient dying on the operation table is ery surgeon's nightmare. But when two aths occur within a few hours of each ner in a single department of a reputed stitution like the Birla-run Bombay spital at Bombay, it's straight out of a rror story. "At least two patients died at day," says Devendra Saxena, one of e seniormost surgeons attached to the rdiothoracic (heart and chest) opera-n theatre (OT) of Bombay Hospital. e two patients died in this OT on 21 y 1991 after they were given injections a spurious drug.

Two other patients also died in the me department between 18 and 20 May 91 but they had complicated problems d would possibly have died anyway, ac-rding to J.K. Suchdeva, the hospital's edical director.

urious injections

e death of Rameshchandra Sharma in e small hours of the morning of 21 May s, however, clearly attributable to spu-us injections of sodium bicarbonate odabicarb for short). Sodabicarb is ven routinely by doctors all over the rld to correct the acid level of blood en it becomes high enough to damage e body tissues.

The causes of a rising acidity may be any — from a simple starva-n of oxygen supply to a ronic failure of the kidneys. t the antidote is almost always e same — sodabicarb. "And body suspects the drug," says adeep Joshi, an anaesthesiolo-t with Masina Hospital, also in mbay.

It all began on 16 May when a nsigment labelled (obviously ongly) as sodabicarb, marked atch no. SB 1" arrived at the ores department of Bombay spital. The supplier was Intra boratories Ltd of Patna which d fulfilled Bombay Hospital's mplete requirement of the edicine since May 1990.

According to the label of the est consignment, the material d been packed in April 1990 d could safely be used any time ring the next three years. The xt day a request came from the cardiothoracic operation theatre for a fresh supply of sodabicarb. This was the first department to be supplied from the batch that later proved to be spurious. A relatively quiet weekend followed, during which the department must have used up the remainder of its own stock of sodabicarb. But, by Monday, 20 May it was fully utilising the fresh supply.

Within a few hours, things began to go wrong. Rameshchandra died at about 3 am and another patient, a woman who was dangerously ill to start with, died soon after. By that time blood tests on Rameshchandra had shown that sodabicarb administered in order to correct his high acid level had failed to do its job. Immediate tests on an ampoule of the suspected medicine in the hospital laboratory indicated that the solution in the ampoule was not sodabicarb at all! At that point they were unable to find out what the substance really was.

The hospital administration reacted swiftly. On 21 May 1991, all operations in the cardiothoracic theatre were cancelled forthwith. A complaint was sent to the Maharashtra Food and Drug Administration (FDA) but the latter returned it because apparently the format of the complaint was not correct. The next day, the FDA was closed because of Rajiv Gandhi's death and the complaint was registered only on 23 May. Stocks of the suspected drug were withdrawn from the operation theatre and another consignment marked "SB 1" which arrived in the hospital on 18 May was tested thoroughly. But the second lot was found to be okay.

Pankaj Desai



Increased acidity

Soon the FDA got into the act. Preliminary tests on the suspected sample conducted in the FDA laboratory in Bombay showed that the ampoule contained not sodabicarb but ammonium chloride a compound that actually increases acidity in the blood! This explained why the patients' blood acid level went on rising instead of going down when the injection was given. "The final report will be ready in a week or so but there is very little doubt," says FDA commissioner Arun S. Mago. The FDA also examined in great detail the records of Intra's sales depot in Bombay and interrogated branch manager V.K. Kapoor.

When contacted by this reporter, Kapoor was unwilling to provide even innocuous details like the turnover of his company, what other products it manufactures and the size of each batch of the medicine. He only said, in an injured tone of voice, "We have sold over 150,000 vials of sodabicarb in Bombay in the past year and no one has ever complained."

Last week, a letter was issued by the FDA to 14 hospitals in Bombay city who had obtained supplies from Intra Laboratories, not to use the medicine from batch "SB 1". It also requested these hospitals to report if they had any stocks drawn from the suspected batch. But three days later, Mago found that only the Western Railway's Jagjivan Ram Hospital had informed them about their stocks of sodabicarb. In spite of this, by 5 June, the FDA had seized 12,000 vials of the medicine from various hospitals.

That is where the matter rests at the moment. Much depends on what FDA enquiry reveals. Meanwhile the drug may have killed other patients in other hospitals but many months may pass before it becomes known.

Another possiblity is that relatives of some of the deceased might drag the hospital to court. "We would have to bear that," says Suchdeva. But he does not support the idea of routine checking of the hospital's stores. "No hospital in the country can afford that," he says.

■ SUMIT GHOSHAL

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BUKHARA RESTAURANTS

Winning with recipes

Originating in the plains of central Asia, it crept into the north-eastern province of India and is now a favourite with diners at Sheraton hotels in Delhi, Hong Kong and Bangkok. The object of admiration: an exotic *tandoori* cuisine served at the Bukhara restaurants in these three cities.

ITC's hotel division Welcomgroup, a franchisee of Sheraton for its five-star hotels in India, takes the credit for this. This breakthrough is an achievement of sorts in the restaurant business where, normally, original ideas flow into India from abroad. The speciality restaurant Bukhara first surfaced in 1976 at the Delhi based Maurya Sheraton, Welcomgroup's flagship. Today, Bukhara is the most popular upmarket restaurant in Delhi, chalking up a revenue of Rs.1 lakh every day. Encouraged by the runaway success of its first franchised Bukhara in 1989 at Hong Kong Sheraton Hotels and Towers, the Sheraton chain recently added another Bukhara at the Royal Orchid in Bangkok.

Delicious cuisine

Bukhara takes its name of the city in central Asia, from where many delicious cuisines emerge. The locals, nomadic *pathans*, opt for a healthy diet based on dishes seasoned with many herbs and spices but devoid of hot chilli and peppers. The cuisine at the Bukhara is basically a modification of this diet, but which has consequently been perfected by Madan Lal Jaiswal, Welcomgroup's master chef in Delhi.

Jaiswal hails from Lahore where his father had a *dhaba*. A master in *tandoori* preparations, his success lies in the innovative combination of spices that goes into the marinate, the intricate incisions he makes into the meat and his control over the required temperature. The rustic decor of the Bukhara restaurants complements the eating style which encourages the use of fingers instead of forks and spoons.

The stupenduous success of the Delhi Bukhara encouraged ITC to promote similar ventures abroad. Moreover, according to S.S.H. Rahman, senior vice-president (operations) at Welcomgroup, Delhi, Ajit Haksar (former ITC chairman) and J.N. Sapru (present chairman) are avid proponents of Indian culture, art and food. Adds Rahman, "In fact they believe in anything Indian." Therefore, in 1986 the ITC, in collaboration with a group of NRIs, set up a joint venture, ITC International (ITCI), in New York with ITC having a 51 per cent equity participation. Says Rahman, "So began the export and globalisation of Indian cuisine."

Spurred by their success at New York, ITCI set up another restaurant at Chicago in 1988. And the next year, Sheraton approached ITCI to franchise Bukhara in their Hong Kong Hotels and Towers branch. According to the franchise agreement, Sheraton has to pay a fixed royalty, based on the net revenue earned by the restaurant. Says K. Vaidyanath, senior vice-president (finance), "The fee varies between two to five per cent of the revenue, depending upon the earning capacity of the location."

In return, Bukhara lends its name and cuisine. The salaries of the chefs — appointed by Welcomgroup — are paid by the Hong Kong and Bangkok hotels. These hotels also buy the pottery from India as well as the uniforms for the staff.

The challenge

But what proved a challenge for Jaiswal was the Far East. He had to prepare the basic Bukhara menu and lace it with Chinese add-ons so that each item was a ceptable to eaters in Hong Kong. Jaiswa knack for innovative cooking create wonders at the Hong Kong Bukhara.

The revenue earned in 1990 was an in pressive $52,000 and confirmed the risin popularity of Indian *tandoori* food. Sa Rahman, "The franchises are adva tageous for us." In February this year th Bukhara was introduced the Royal Orchid, the She aton hotel in Bangko Within three months, it ha made 85,000 bal (Rs.71,400). The royal here is fixed at 5 per cent the net revenue.

Following the populari of the Bukhara restaurant in three loca tions, requests have been pouring in fro various other Sheraton hotels. Ne Bukharas will be introduced in Singapor Malaysia, Indonesia and Cairo. Says Rah man, "With increasing requests we hav decided to add two restaurants each year The next Bukhara restaurant is to come u at Odessa in Russia, where it will be a joi venture between the ITC and the city cou cil, with ITC having a 15 per cent equi participation.

Thus, what started off as an exper ment at the Delhi Sheraton 15 years ag has, today, turned into a net foreign e change earner for Welcomgroup and IT In the process, the speciality restaura has not only fetched good publicity f the hotel chain, it has also succeeded propagating the virtues of Indian foo and cooking.

■ REENA PATNAIK RA



Delhi's Bukhara: a revenue of Rs.1 lakh a day; (inset) *S.S.H. Rahman*

RD

he vision and the reality

inauguration ceremony of the Euro- Bank for Reconstruction and Devel- ent (EBRD) was, by all standards, ressive, as was the swiftness with h the bank itself has come into being. are the bank's objectives wanting in ness. Created by a path-breaking ter that stands apart from those of r development banks, the EBRD has given a wide brief and berth to ch itself truly as not only a catalyst growth of the East European econ- es but also as a friend, philosopher guide, protector of environment, pro- er of human rights and democracy what have you. In the circumstances, could not fault the bank's president, ues Attali, for seeing grandiose vi- s of his bank as the first institution of new world order.

he reality, however, is far from reas- ng. The bank's target area is a part of world whose net hard currency debt grown 20 times, from about 6 billion ars to about 120 billion dollars, in the 20 years. By Attali's own admission, East European countries would re- e capital of the order of 2,500 billion ars in the next twenty years to match economic level of the West, into which opes to integrate the East to build a mon house of Europe.

ging the question

gainst this, the bank has a guaran- capital of merely 13 billion dollars about 30 per cent of it paid up. It es to raise the rest of the resources the international capital markets. ough the bank can use the savings of Easterners themselves to spur invest- t, this amount is too meagre in rela- to the requirement. So the bank's endence on the lenders in the market omes all too pronounced. That begs question whether there is so much liq- ty available in the world market to be just to East Europe.

ssuming funds are indeed available, will the bank or the debtor nations rantee their repayment without tang- assurances of commensurate returns nvestment? With several advantages s side, the former East Germany has been able to attract enough private stment from even West Germany, not peak of other West Europeans. Past returns on the small investments made in Eastern Europe have been so abysmal that it gives little hope that investors would be more impressed this time.

To attract private investments from outside, what the eastern nations require to do is to put in place the by-now-cliched market economy. But, before they can do this, they require political stability, a lower rate of inflation, convertible currencies, removal of subsidies to industries and private ownership of the means of production. Also no less important for raising investor confidence is a change in management ethos and work ethics. What obtains today, however, is quite the opposite.

Created by a path-breaking charter, the EBRD has been given a wide berth to launch itself truly as not only a catalyst for growth of the East European economies but also as a friend, philosopher and guide

Hungary and Poland have had a head-start though, having dabbled in reforms of sorts for years now. Yet, even here, there are far too many monopoly elements in the form of state and collective enterprises for the market to be called decontrolled. In Rumania, people have voted very recently in a poll to say that they prefer slower reforms rather than suffer the present for a better future. In Bulgaria and the Soviet Union, there is not even a semblance of political stability what with ingrained ideology taking head-on unclear visions of liberalism.

What does all this portend for countries such as Bulgaria, Rumania and the Soviet Union? It appears that they will have to live with the current convulsions in the coming couple of years and that means no meaningful loans or investments may be available for these countries in the foreseeable future. As they attempt some half-hearted reform measures, they will succeed in getting some political loans from some quarters that may have interest in sustaining the regimes of the day. Poland, Hungary and Czechoslovakia may, however, see some interest shown in them by lenders, if not investors, if the political climate continues to be conducive.

In the meanwhile, for the foreseeable future, the East European governments and EBRD have their roles clearly cut out for them if their objectives are to be achieved. The governments for a start must open up their markets within, for domestic competition, permit only necessary imports but allow these freely, welcome outsiders to invest with clear incentives for ploughing back profits and with guarantees for repatriation after a given number of years and a total freeze on military and other non-productive expenditure. The governments must also come up with specifically attractive debt-equity swap programmes on the lines of programmes in countries like Chile which have reduced their debts enormously through this medium.

Importance of human resources

The dynamics of free enterprise has its own dictates such as singular orientation towards profit, elimination of redundant workforce, etc. But the people of East European nations have not known private management or the system of reward and punishment, having enjoyed state patronage for several decades.

This does not, however, mean that an entire generation of workers may simply be asked to pack up and go home. With the bank's charter having envisaged a far wider role than mere lending, nothing is more appropriate than it concerning itself with improving the quality of the most available material: the human resource. This resource is the most stable and basic infrastructure and the bank must promote all endeavours that aim at providing training at all levels, encourage all avenues aimed at modernising and automation of factories and providing motivation to the workforce.

In the ultimate analysis, it is the work ethos and culture of the people, among other factors, that will determine a state's economy. Attali may yet be president. For the time being, however, it seems it is the novelist Attali, and not the socialist-economist, who is speaking.

■ K.S. RAGHAVAN

The author is general manager, COSL, Bombay currently posted at Zurich. The views expressed herein are his own

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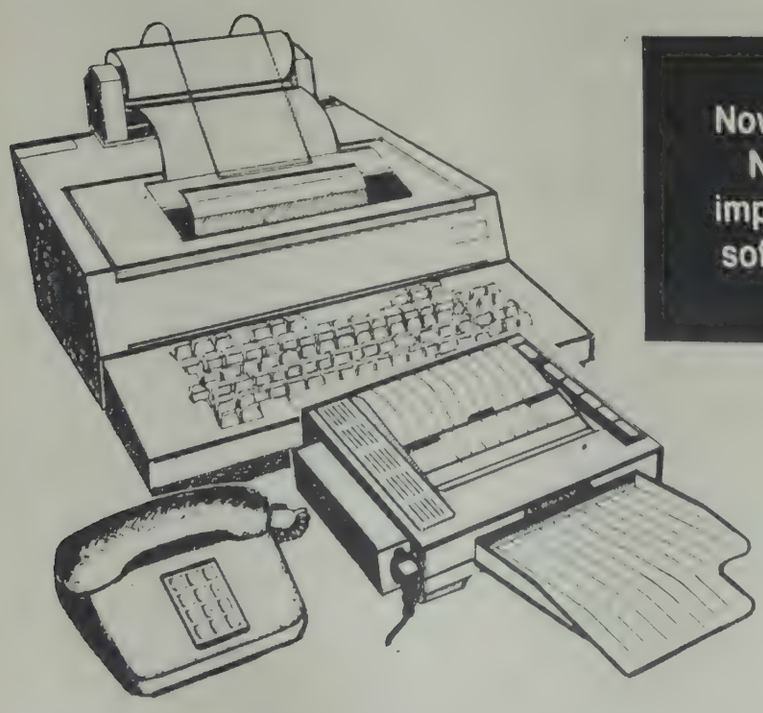
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eckitt & Colman

her net profit margins; higher divi-ds; zero debt enhances performance; bonus in 1991

kitt & Colman India Ltd (RCIL) has ounced better results for the year ed 29 December 1990, compared to previous year. RCIL's product mix in-es traditionally well-known brand es like Cherry Blossom, Brasso and , Dettol and Robin, as well as new d names like Harpik and the Haze air ner. Household products, and laun-products together made up 54 per while drugs and medicines 22 per of sales for the year ended December ..

hile sales increased by 10 per cent, profit before interest, depreciation tax jumped by 20 per cent from 4.09 to 16.98 crore. Net profit mar-

ckitt & Colman			(Rs crore)
ended	31 Dec '90	31 Dec '89	% Change
ales	93.64	85.21	10
r income	1.86	2.38	-22
naterials costs	13.18	12.53	5
oyees costs	10.00	9.57	4
est	0.87	0.77	13
profit	16.98	14.09	21
eciation	0.97	0.76	28
	6.65	5.40	23
rofit	9.36	7.93	18
y capital	8.39	8.39	
ves & surplus	23.73	18.36	
end (%)	47.50	40.00	
et price (Rs):			
nt	267.50		
High	280.00		
Low	180.00		

which have traditionally been 9 per have edged forward to 10 per cent. the exports front, the f.o.b. value ropped sharply from Rs.4.83 crore 89 to Rs.2.58 crore. This is due to a f consumer product purchases from SSR during the second half of 1990. er, imports have increased by more 50 per cent to Rs.2.79 crore. Thus it ecome a net importer to the tune of 1 crore in 1990 as against a net ex-r of products worth Rs.2.14 crore. ider gap between imports and ex-has led the company to look into the t of food items like spices, bulk and barley.

to better performance, which has led to a higher bottomline, the EPS works out to Rs.11.14, compared to Rs.9.55 in 1989. RCIL has matched its FERA brotherhood in maintaining high dividends. The company has declared a 7.5 per cent higher dividend giving a payout ratio of 43 per cent (49 per cent).

RCIL last declared a bonus in 1988 in the ratio of 1:1. The board of directors of RCIL have now proposed a 3:5 bonus through capitalisation of Rs.5.03 crore from the general reserve. This should increase the share capital to Rs.14.29 crore. The scrip is now quoting at a cum bonus price of Rs.267.50; which is close to its 1990 high of Rs.270.

Comet Steels

Skips dividend; expansion of production capacity completed; working affected due to higher interest, depreciation and the absence of trading operations; equity expands on conversion of debentures

Comet Steel belonging to the Bombay-based Lloyd Steel group is engaged in the manufacture of cold rolled steel strips and coils. For the year ended 31 March 1991, the company has skipped dividend following severe set-back in its working. The poor working was on account of a number of reasons like lower income from other sources, higher interest and depreciation charges, increased manufacturing expenses and the lower price realisation of iron and steel products.

During the year under review, production capacity was expanded from 10,000 tpa to 50,000 tpa. Production of cold rolled strips/coils recorded a growth of 87 per cent from 28,374 to 53,136 tonnes and sales volume went up by 88 per cent to 52,421 tonnes (27,837 tonnes). Trading operations of iron and steel had contributed Rs.18.77 crore to total sales the previous year, but the contribution was nil during the year under review. Other income declined by about Rs.1 crore for which no explanation is available in the abridged annual report.

Interest charges shot up by more than two fold and depreciation charges more than doubled. As a result, gross profit declined by 46 per cent and profit after tax by 82 per cent. Even zero tax liability for 1990-91 (Rs.77 lakh) could not prevent a 79 per cent fall in net profit. EPS declined from Rs.4.11 to 88 paise.

The company recently issued fully convertible debentures aggregating Rs.7 crore on rights basis to finance the cost overrun of the expansion plans and to meet long term working capital requirements. On conversion of the debentures, equity capital has increased by Rs.5.35 crore to Rs.15 crore in the current year.

Comet Steels			(Rs crore)
Year ended	31 Mar '90	31 Mar '89	% Change
Net sales	90.09	64.03	41
Other income	5.57	6.49	-14
Excise duty	5.78	3.23	79
Raw materials costs	77.30	59.46	30
Employees costs	0.94	0.48	96
Other expenses	6.88	2.73	152
Interest	7.48	2.05	265
Depreciation	2.32	1.12	107
Tax		0.77	
Net profit	0.85	3.97	78
Equity capital	9.66	9.66	
Reserves & surplus	5.44	4.50	
Borrowings	50.28	44.03	
Net block	52.70	51.84	
Dividend (%)		17.00	
Market price (Rs):			
Current	32.00		
1990: High	15.00		
Low	14.00		

During the year under review, steep increase in administered prices of hot rolled coils (major input for CR coils) and the cost of imported raw materials also went up substantially due to hardening of foreign currencies. With a 200 per cent margin and 25 per cent surcharge of import finance, cost of imported materials will go up further in the current year. The c.i.f.value of raw materials imported during the year under review amounted to Rs.42.14 crore.

The scrip, currently priced Rs.14, discounts its earnings by 16 times. There is little scope for capital appreciation as the current year's working is unlikely to improve.

TRENDS

Ingersoll Rand

Ingersoll-Rand (India) in which the US-based parent company has a 74 per cent equity holding, manufactures vacuum pumps and air and gas compressors. For the second half ended March 1991, the company has reported a 21 per cent increase in sales, which together with sales



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RISK MANAGERS TO THE NATION

e first half was up 12 per cent to 25.05 crore for the full year ended h 1991.

ofit margins at gross level continue static at around 20 per cent. How- at net level it has fallen by three

ersoll Rand			(Rs crore)
d	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
	71.82	59.28	111.26
income	3.90	4.03	7.81
naterials costs	34.39	30.20	59.54
es and wages	5.02	4.23	8.70
ting profit	15.62	13.17	23.62
st	1.16	0.88	1.66
profit	14.46	12.29	21.96
ciation	0.71	0.65	1.22
	5.36	3.34	6.40
rofit	8.39	8.30	14.34
les (%)	21.75	22.21	21.23
ales (%)	47.88	50.94	53.51

s to 11 per cent mainly on account of r tax provision.

erestingly, the company has been a l distributor with bonus issues in atio of 1:1 declared once every third In fact, 94 per cent of its equity has built up by bonus issues. The last eclared was in 1989.

rit Banaspati

t Banaspati, one of the largest ufacturers of edible oil in the country brand names like Gagan, Ginni and ari has posted a 12 per cent higher for the second half ended March While profits are up at net levels, to lower depreciation provision,

rit Banaspati			(Rs crore)
d	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
les	157.55	140.04	259.57
income	0.46	0.84	1.05
naterials costs	101.95	96.02	178.02
es and wages	3.40	3.13	5.43
ting profit	5.62	6.42	13.54
st	2.61	2.71	4.70
profit	3.01	3.71	8.84
ciation	2.23	3.35	6.29
	0.10	0.30	0.45
ofit	0.67	0.05	2.09
les (%)	3.57	4.58	5.21
les (%)	64.71	68.56	68.58

gross profit has fallen by 19 per cent. Also the EPS (on an annualised basis) has dropped to Rs.3.23 (Rs.5.07).

The company had been charging heavy depreciation which kept its cash earnings per share above Rs.20 for the last four years. Also, the tax outflow has been minimum due to the heavy depreciation. The book value placed at Rs.41.52 makes the company fundamentally strong.

Meanwhile, the company is expanding its paper unit which should see the margins improve in the current year.

Synthetics and Chemicals

Synthetics and Chemicals, engaged in the production of synthetic rubber, announced encouraging results for the six months ended March 1991, compared to the corresponding period of the previous year. Not only has turnover increased by an impressive 35 per cent, profits from operations have also jumped by 150 per cent. Furthermore, net profit has increased by over three times, giving an EPS

Synthetic & Chemicals			(Rs crore)
Period	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
Turnover	100.55	74.65	139.77
Raw materials costs	51.04	38.00	68.25
Salaries & wages	6.38	4.81	8.89
Operating profit	10.38	4.16	10.51
Interest	3.89	1.82	3.72
Gross profit	6.49	2.34	6.79
Depreciation	0.90	0.67	1.36
Tax	1.58	0.60	1.59
Net profit	4.01	1.07	3.84
OP/sales (%)	10.32	5.57	7.52
RM/sales (%)	50.76	50.90	48.83

of Rs.4.05 (on the expanded equity) for the current six months, compared to Rs.1.84 in the corresponding period last year. However, the company's results for the same period in the past four years were turbulent.

Synthetics and Chemicals is currently producing at over 100 per cent capacity. According to company sources this has been one of the major factors for increase in sales over the years, a 35 per cent increase over the previous period. The company is in the process of increasing its capacity from 40,000 to 70,000 tpa at a cost of Rs. 80 crore to be partly funded through a convertible debenture issue of Rs.20.11 crore. The expansion is now 30 per cent complete say company sources and should be operational by July 1992. A non-convertible debenture issue of Rs.25 crore will be introduced in June '91 to fund its second phase of expansion from 70,000 to 1,20,000 tpa.

The scrip has been traded at a 1990 high of Rs.83.50 and a low of Rs.33.75. In January 1991 the scrip reached a low of Rs.42.50, but is now trading at a high of Rs.56.25.

Mafatlal Dyes and Chemicals

Mafatlal Dyes and Chemicals have posted sales of Rs.33.12 crore in the six months ended March 1991. This is 21.5 per cent higher than sales in the corresponding period last year. Gross profit has increased by 32.8 per cent to Rs.1.62 crore. While both interest and depreciation

Mafatlal Dyes and Chem.			(Rs crore)
Period	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
Net sales	33.12	27.26	50.53
Other income	0.66	0.63	1.25
Raw materials costs	27.41	22.64	41.65
Salaries & wages	0.62	0.70	41.65
Operating profit	2.20	1.73	1.25
Interest	0.58	0.51	0.97
Gross profit	1.62	1.22	2.25
Depreciation	0.08	0.06	0.11
Tax	0.76	0.58	1.01
Net profit	0.78	0.58	1.14
OP/sales (%)	6.64	6.35	2.47
RM/sales (%)	81.63	83.05	82.43

show an increase of 13 and 33 per cent respectively, salaries and wages are down by 10 per cent. Net profit increased by 34.5 per cent from Rs.0.58 crore, in the corresponding period last year, to Rs.0.78 crore. Margins have improved only slightly — at net level it has gone up from 2.13 to 2.35 while at gross level it rose from 4.47 to 4.89.

RESULTS ANNOUNCED

Shree Cement

Jump in turnover and profit margins for the year ended 31 March 1991: carry forward deficit wiped out

With sales turnover up 44 per cent at Rs.134.55 crore, gross profit margin doubled to 16.8 per cent (8.7 per cent). On a fairly large equity base of Rs.20 crore, net profit shot up from a mere Rs.3.90 lakh to Rs.13.88 crore giving an EPS of Rs.6.94. The healthy bottomline will enable the company to comfortably wipe out the carry forward deficit of Rs.38.35 lakh.

Manjushree Plantations

Rise in sales and profitability for this dividend stepped up by ten points, a 1:2 bonus proposed for the year ended 31 March 1991

Manjushree Plantations, engaged in the production of tea, cardamom and coffee, reported higher price realisations for tea (up by Rs.2.35 per kg) and coffee (up by Rs.0.50 per kg) but lower profitability on cardamom (down by Rs.27.20 per kg). On a sales of Rs.13.10 crore (up 7 per cent), Manjushree posted a gross profit margin of 53 per cent (51 per cent). On a minuscule equity base of Rs. 65.68 lakh, the company earned Rs. 49.24 per share (Rs.40.76) of Rs.10 face value. The company will pay out Rs. 5.50 per share as dividend (Rs. 4.50) at a conservative payout of 11 per cent. The scrip quotes at Rs. 385 (Madras Stock Exchange), discounting these earnings 7.8 times.

Godfrey Phillips

Sales up 14 per cent at Rs. 531.96 crore, bottomline fattens with a rise in profit margins for the year ended 31 March 1991

Even as Godfrey's new brand in the super premium segment 'Jaisalmer' has created a stir, its unaudited results seem impressive. With gross profit margin up by 2.3 points to 4.4 per cent, at the net level, EPS has trebled to Rs.45.65. The scrip quotes at Rs.315, discounting these earnings 6.9 times.

GTC Industries

Rise in profits albeit a slight drop in sales for the year ended 31 March 1991

GTC's gross profit margin was 4.3 per cent (3.6 per cent) on a sales of Rs. 2(crore which is 8 per cent less than last year. On an equity base of Rs.5 c EPS rose to Rs. 14.16 from Rs. 10.80 scrip quotes at Rs. 108.75 giving a P/ 7.68.

ITC

Sales cross the Rs.2,000-crore n while bottomline is up 47 per cer Rs.77.52 crore

Sales, at Rs.2,286.49 crore, was up 26 cent yielding a gross profit margin o per cent. On a large equity base Rs.66.34 crore, EPS has crossed face v at Rs.11.69 (Rs.7.93) while an inte dividend of Rs.5.40 per share has b proposed (total dividend for 31 Ma 1990 was Rs.3.75 per share). The s quotes at Rs.164 giving a P/E ratio of

Piramal Spinning an Weaving

After skipping dividend for two suc sive years, the company has returne

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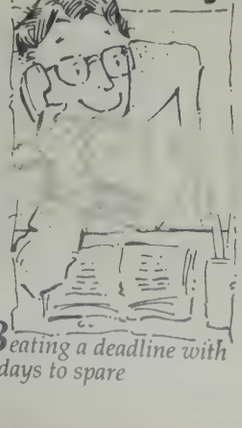
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ividend list with a five point higher of 20 per cent as against 15 per cent in 1987

the company's turnover for the year d March 1991 registering a growth of er cent to Rs.54.72 crore, Piramal ning and Weaving EPS has peaked to .45. This has been the company's performance since inception. It has nly wiped out all previous losses ag- ting Rs.3.30 crore but has also made plus of Rs.6 lakh.

e company attributes the splendid rmance to the good cotton crop in previous year as a result of which was no shortage of raw material. increase in the demand for fabrics, cularly from garment exporters and omies of scale as a result of improved uctivity — better control over cost of uction and improvement in the uct mix — helped.

anwhile, the company contemplates asing its production through mod- ation. It plans to update its spinning inery to improve the quality of its s besides proposing to expand the rocessing division to cater to over- narkets. In the weaving department replace all the ordinary looms with automatic ones. This should reduce cost and improve the bottomline.

The company plans to increase its export turnover by about four times from its current Rs.3.5 crore and has already bagged orders worth Rs. 4.5 crore in the first two months of the current year.

The company's proposal to amalgamate The Niranjan Mills into its fold is pending with the appellate authority of the industrial and financial reconstruction. If the proposal goes through, the company will get a steady supply of grey cloth.

Kothari Sugars and Chemicals

Poor performance of the polybutene division dampens performance

Kothari Sugars and Chemicals (KSCL), which had an extended 16-month accounting period ended March 1991, has notched up a 9 per cent higher turnover of Rs.33.11 crore on an annualised basis. However, after providing for depreciation of Rs.2.27 crore (Rs.50 lakh) and interest of Rs.3.14 crore (Rs.53 lakh), net profit works out to Rs.1.83 crore (Rs.3.20 crore).

During the 1989-90 season, the sugar factory crushed 306,000 tonnes at an average recovery of 9.88 per cent. The current season's crushing operations are in progress. It has already crushed 387,000 tonnes and by mid-June, when the crushing is complete, the company expects to have crushed over 420,000 tonnes at an average recovery of 9.6 per cent.

The working of the polybutene division which was commissioned in March 1990, suffered due to the Gulf crisis that resulted in a low offtake. KSCL has also undertaken the implementation of the PNCB/ONCB project at Karaikal at a cost of Rs.30 crore. It plans to tap the capital market to part finance this project with a convertible debenture issue totalling Rs.8 crore.

Larsen & Toubro

Gross profit margin stagnates but the bottomline expands due to profit on sale of trade investment

L&T has announced satisfactory unaudited results for the year ended March

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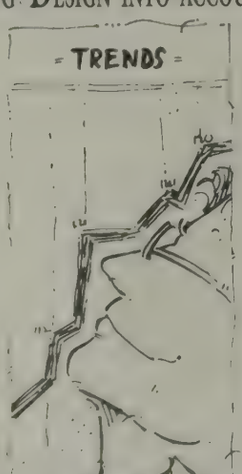
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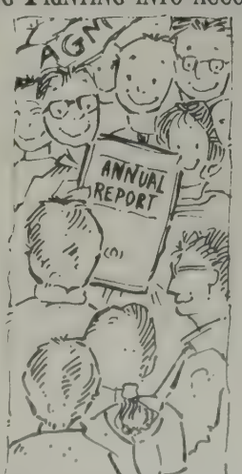
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1991. While turnover is up 38 per cent to Rs.1,404 crore, profit after tax has increased more than proportionately by 122 per cent to Rs.91 crore. Interestingly, during the period under review, the company has not provided for tax as against Rs.7.30 crore last year when the profit before tax was placed lower at Rs.50.27 crore. It has also reported a profit on sale of trade investment to the tune of Rs.17.06 crore.

Cemindia

Turnover up and dividend maintained for the year ended March 1991.

Cemindia, an active player in the construction industry, has maintained a dividend of 30 per cent. While turnover is up 2 per cent to Rs.23.63 crore, gross profit is down to Rs.2.12 crore (Rs.2.21 crore). After providing for depreciation and taxes, net profit is placed at Rs.75 lakh (Rs.72 lakh).

Vindhya Telelinks

Poor performance for the year ended 31 March 1991

Gross profit margin fell by four points to 11.3 per cent on a sales turnover of Rs.57.75 crore (up 7 per cent). At the net level, earnings took a plunge with EPS dropping to Rs.2.82 from Rs.15 and the payout thereby being stretched to 85 per cent (16 per cent) to maintain the dividend at Rs.2.40 per share. The scrip quotes at Rs.64 discounting these earnings 23 times. The full statement of accounts however could see an improvement in EPS as depreciation includes the charge on revalued amount thereby depressing net profit to that extent.

Asian Cables

For the year ended 31 March 1991, turnover crosses the Rs.100-crore mark while profit margins register a slight drop for this RPG group company which manufactures power cables

Turnover at Rs.101.9 crore, up 23 per cent yielded an operating profit of Rs.12.9 crore (Rs.11.47 crore). A hike in interest payment saw the gross profit margin slipping to 5.7 per cent (6.9 per cent). On an equity base of Rs.5.59 crore, the company earned Rs.6.80 per share (Rs.6.23) and will distribute Rs.1.50 per share (Rs.1.40) as dividend. The scrip quotes at Rs.39 discounting these earnings 5.7 times.

Finolex Cables

Sales up for the year ended 31 March 1991 but higher tax provision depresses the bottomline

Producers of jelly filled telephone cables and electrical cables, Finolex earned a gross profit of 12.8 per cent (12.3 per cent) on sales of Rs.117.36 crore, up 7 per cent. With a higher tax provision, EPS slid to Rs.21.79 (Rs.28.21). The market price at Rs.212.50 discounts these earnings 9.8 times.

Colgate-Palmolive (India)

Rise in sales and profits for the 15-month accounting period ended 31 March 1991

A dominant player in the health care segment, Colgate-Palmolive's sales stood at Rs.405.25 crore, up 19 per cent. Gross profit margin was stagnant at 19.5 per cent though. On the equity base of Rs.31.44 crore, Colgate has earned Rs.10.36 per share (Rs.7.97) on an annualised basis. Three interim dividends totalling Rs.6.25 per share have already been paid. The scrip quotes at Rs.315 discounting not just these earnings but also the expected bonus 30.4 times.

VST Industries

VST, famous for its Charminar and Charms brands of cigarettes, posted good results for the year ended 31 March 1991

With sales up 15 per cent to Rs. 429.85 crore, VST earned a gross profit margin of 4.9 per cent (3.7 per cent). On an equity base of Rs.9.65 crore, EPS at Rs.10 touched face value. On including the capital gains accruing from the sale of the company's shareholding in Bhadrachalam Paper, EPS works out to Rs.24.24. While dividend has been stepped up by fifteen points to 45 per cent, a 3:5 bonus has been proposed which will take the equity to Rs.15.44 crore. The scrip quotes at R discounting the EPS of Rs.10 by six times.

Goetze (India)

Rise in sales but margins remain s for the year ended March 1991

Under the fold of the Nandas, this ma leader in piston rings saw sales goin by 28 per cent to Rs.61.15 crore givi gross profit margin of 18.6 per cent. rose to Rs.8.67 (Rs.6.75) and the ma price at Rs.122.50 discounts these e ings 14 times.

IN BRIEF

Crompton Greaves is jointly promot a new company, CG-Newage Electr Limited, with the UK based Newage In national, to make brushless AC gene tors, at Ahmednagar. With techni knowhow from Kato Electrical Compa Japan, Crompton Greaves is also sett up a plant at Aurangabad to make in lating oil purifiers and liquid separat

Thirumalai Chemicals Ltd is setting a Rs.100-crore project in either Guja or Maharashtra to make 10,000 tpa toluene-di-isocyanate. Technical kn how will be provided by Organi Zachem, Poland.

Advani-Oerlikon will make welding el trodes and consumables in Malaysia, in nancial collaboration with a lo company there, called Timah Lan Berhad. The project cost is Rs.5 crore.

The Steel Authority of India's Rs.1, crore programme for energy conservati and pollution control is likely to be p funded to the tune of Rs.500 crore by t World Bank.

Over 6 per cent of the UB group's stake **Berger Paints** has been acquired by Delhi based UK Paint Industries, a co pany owned by K.S. Dhingra.

The major chunk of **Assam Compan** shareholding, about 74 per cent, has be bought over by Mehta International, NRI, Bermuda based group of compani Assam Company is the oldest tea co pany in the world and owns 16 gardens Assam.

Uvifort Metallizers is setting up a pl at Aurangabad to make 3,200 tpa of m alised paper and film. The capital out for the project will be Rs.28.74 crore.

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FUTURE SHOCK

Prevent it



Switch to On-Load DS Decontactors

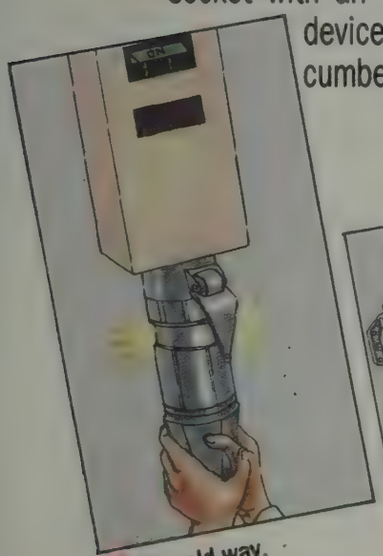
When it comes to industry, there's nothing like too much protection.

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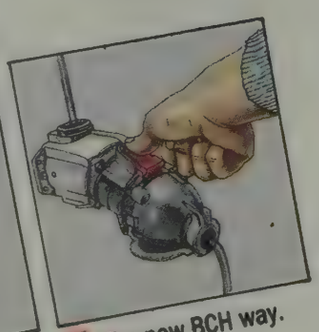
That's where DS Decontactors★ from Bhartia Cutler - Hammer demonstrate their superiority.

Plug and socket with integral switching device.

The Decontactor is a plug-and-socket with an integral switching device which eliminates cumbersome interlocked switch socket outlets. They allow On-Load disconnection unlike the ordinary plug and socket.



The old way.



The new BCH way.

Safety first

The socket is safely covered with a lid. Further, a safety disc prevents access to socket contacts when no plug is fitted. And a latch-button enables safe On-Load disconnection.

The interior keying system with 24 different positions prevents equipment being used on incorrect supply voltage.

Reliability

The DS Decontactor's features include the silver-tipped, spring-loaded, self-aligning, self-wiping butt contacts which are superior to conventional pin and sleeve type contacts.

In butt type contacts the inserting force is parallel to the direction of contact pressure. Wear is negligible, ensuring predetermined contact pressure and keeping contact resistance and temperature rise within limits.

The voltage drop across the contacts is low – so watt loss is minimized and there's less heating, less deterioration, less oxidation. In one phrase, less problems.

Get in touch

The BCH DS Decontactor is unique and far superior to anything you've used before.

Spare yourself future shock. Write to BCH at the address given here for details.

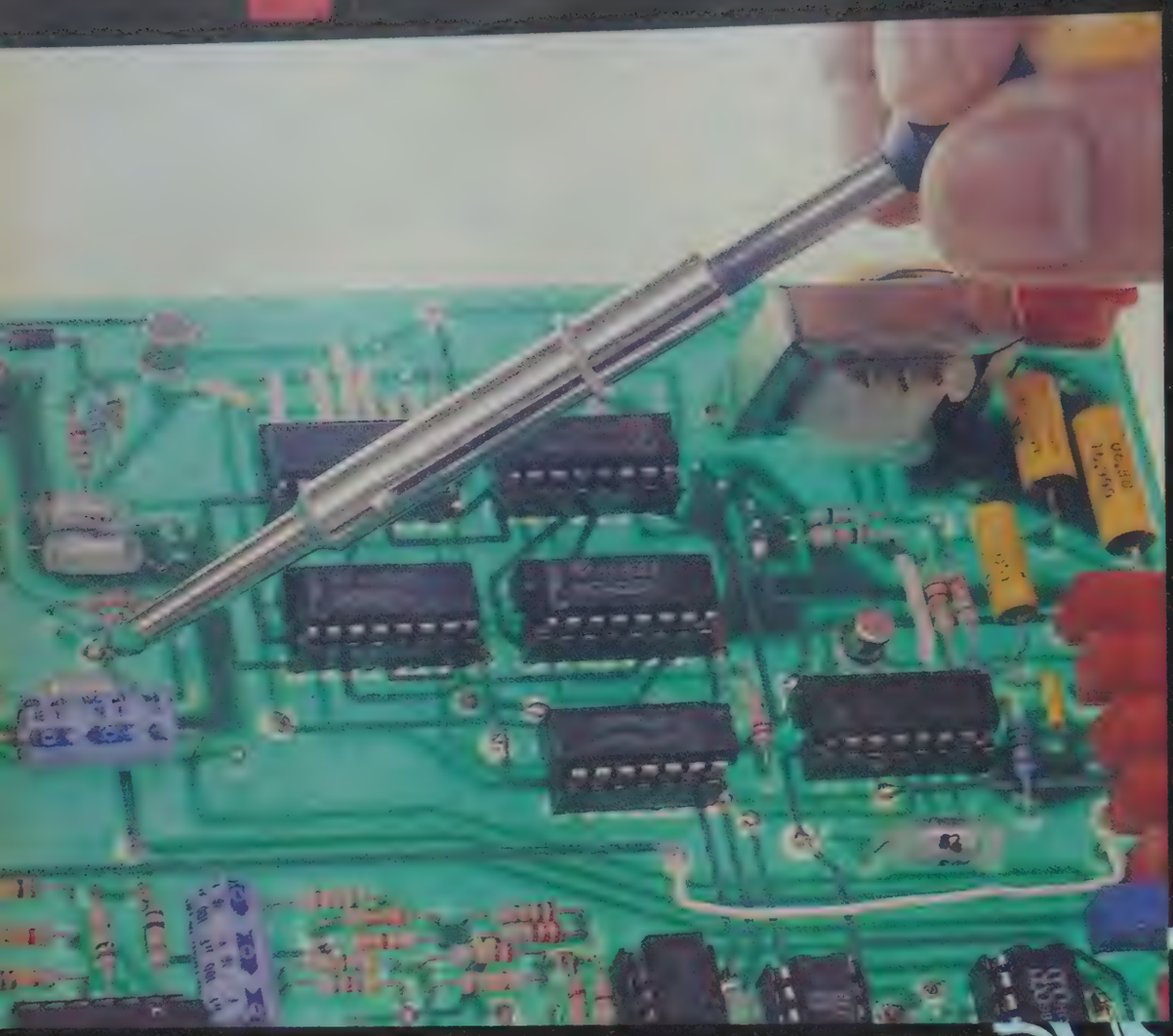
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LUMINAIRES

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KMARKET REVIEW

surprises

the fortnight ended 31 May 1991)

	31.5	17.5	percentage change over fortnight	year
Sensitive Index	1,307.34	1,297.69	+0.7	+63.3
National Index	649.69	642.66	+1.1	+51.1
Rs.cr) fortnt. ended	129.09	107.79	+19.8	—3.5

tockmarket had more than its usual of unusual events over the fortnight review. Since uncertainty generally s the increased possibility of large changes and is a boon to specula- s a result, volumes soared. On 21 he day of Rajiv Gandhi's assassina- volumes rose to a 1991 high of 6 crore as cement bulls closed in on and a number of other cement s (*see chart*).

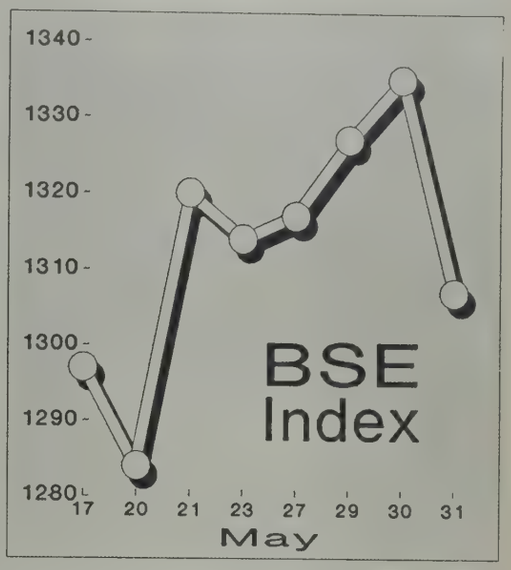
next trading day, 23 May, saw vol- reach another high of Rs.181 crore, tual funds went on a buying spree g to pick up shares cheap from -stricken bears. Expectations of a athy wave for the Congress then narkets bullish. Even the debunking sympathy wave by the press had lit- ect, although the news that India's rating on long-term debt had been l in the speculative grade hurt mar- wards the end of the fortnight. The that the monsoon had started on ule had surprisingly little effect on arkets.

ructuring. The market, therefore, appeared to be completely delin- om reality over the past fortnight. r good nor bad news affected its ,300 level. However, there was a re- oning of several stocks based on erformance. In spite of the 31 May ne for unaudited half-yearly re- several large companies such as Reliance, Tata Steel and Tata Loco- had not announced their results. n contacted, the BSE executive di- M.R. Mayya said that companies inform the BSE that they will an- their full year audited results by d of June get a month's grace Tata Steel and Tata Locomotive rtainly announce their results in nd ACC is expected to do so as well. e — which has not informed the its intentions yet, perhaps because tion uncertainty — however re- a question mark.

Reliance and L&T shares were actively traded over the fortnight. Reliance was in the limelight because of the possible Rs.900-crore issue to finance its naphtha cracker project and the scrip closed the fortnight at Rs.147.50, up from Rs.142.50. Not surprisingly for Reliance, the issue size is now Rs.900 crore instead of Rs.570 crore proposed a few months ago, while the project itself metamorphosed into a naphtha cracker project from a gas cracker project.

L&T shares were active due to its excellent results while its convertible debentures too were actively traded as a result of speculation regarding the pruning of its mega-issue size. If pruned, the debentures are likely to fall substantially in value as holders would be denied the allotment of new shares substantially below the current market price (*see next piece*).

Zero profitability. The trend of corporate results confirmed the general view of a stagnant second half of the fiscal year 1990-91. Companies in a wide range of industries, including engineering, shipping, pharmaceuticals, consumer products, diamonds, chemicals and synthetic fibres have shown zero profitability in this period. An unexpectedly strong performer, though, has been the tyre industry, with both Apollo Tyres and Modi Rubber reporting better second half results. Apollo Tyres closed the fortnight at Rs.71, up from Rs.65, while Modi Rubber closed at Rs.67.50, up from Rs.65.

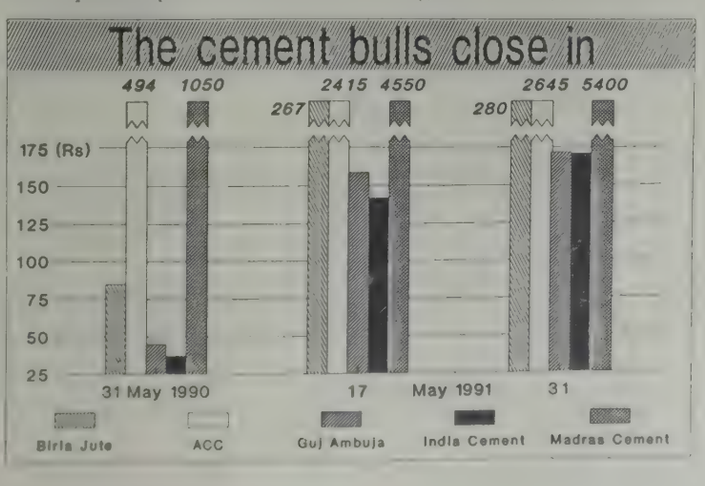


Another tyre company, MRF, has been the focus of speculative action along with HDFC and ICICI on rumours of a shift to the specified list. Over the fortnight these shares were stagnant on further rumours that the shift had been postponed. When contacted, Mayya confirmed that consideration of the shift had been deferred for the time being.

Textile company Standard Industries was actively traded over the past fortnight. Rumours of a takeover abound, although a spokesman for the company denied knowledge of this. The company's performance has been mediocre last year. It earned Rs.1.20 per share in the year to March 1990 and Rs.1.90 in the next six months. This was generally below the performance of other textile shares. The scrip, though volatile, is thinly traded. In April, it recorded a turnover of Rs.1.23 crore, ranking it 68 by volume among 79 specified shares in Bombay.

Tata Tea's shares were also actively traded. The scrip shot up over the fortnight before closing at Rs.330. The volatility was reportedly due to purchases of about 300,000 shares by a mutual fund. Tea companies on the whole have announced marginally better second half results and the shares have been steady on better expectations for 1991.

There has been a drought in the nu-



mber of public issues since May. During June too there were not many public issues. The confusion arising from the current political imbroglio, coupled with the tossing about of responsibility between the financial institutions and the Controller of Capital Issues (CCI), has led to a lull in the new issues market. Only in July, once the new government takes over, are 10-15 new public issues slated to open. Investor confidence is also believed to be lacking, and market sources say that while there is no dearth of money among investors, they are only willing to back issues from well-reputed companies. Therefore the trend towards oversubscription of public issues may be not so pronounced as it has been over the last year. The overall steadiness of the market could be attributed to the BSE's commendable decision to keep the markets open in the days after Rajiv Gandhi's assassination. Nevertheless, the markets have several uncertainties to face over the next fortnight, including the elections and the monsoon. For the moment, then, it's status quo.

■ RAFIQ DOSSANI

L&T SHARES

Speculation is rife

In October 1989, L&T unleashed its 'vision' — the Rs.820-crore fully convertible debentures (FCDs) issue — on the Indian public. The major reason for it was to let the then sister company Reliance Industries Ltd (RIL) avail of suppliers' credit from L&T.

Each FCD was of Rs.300 and the attraction was the easy payment system phased over one year. Today, 20 months after the original issue, more than 50 per cent of each FCD ie; Rs.150 is still not called up.

After the historic Supreme Court verdict on L&T, upholding the above issue, a quixotic situation has arisen. RIL has refused to avail of the suppliers' credit from L&T and on its side, L&T does not have any approved projects on hand. A reason cited by RIL to reject L&T's credit is that it did not want to rely solely on a single source of finance. Also with the project changing from a coal-based cracker to a gas-based cracker unit, RIL had approached CCI for a Rs.520-crore convertible debenture issue, which has since been revised to Rs.900 crore.

With L&T making headlines its share price has been showing a steady uptrend. Along with the rise in L&T's share price, the price of the debenture (Rs.140 paid up) has also been rising. The jump in debenture prices has been more pronounced, with prices shooting up from Rs.228 on 17 May 1991 (a price which it hovered around for the early part of May) to Rs.242.50 on 23 May 1991. The price of L&T's shares and debentures have attracted attention due to the court verdict which upholds the conversion terms detailed in the prospectus at the time of the issue. Brokers who keep pace with the pulse of the market say that the prices are rising because "some very good speculative parties are interested in it"

At present, the L&T debenture is available in the market at around Rs.250. If the Rs.150 per FCD is called up the total cost price will be Rs.400. As per the terms of conversion, each debenture will be converted into five equity shares. So the effective cost per share will be Rs.80 while its current market price is Rs.114 (3 June 1991). Speculation centres around whether the balance money will be called. With a cash surplus of Rs.200 crore, it may not be called if RIL rejects the credit and L&T shareholders agree. If so, current holders of the convertible debentures will get 2.5 shares. At its current price of Rs.255, this entails a big loss since the price factors in the allocation of the balance 2.5 shares at Rs.50 each.

Ashok Thakkar, a broker who is among the watchers, expects full conversion. "This is because the company has already promised conversion into five shares. Not keeping it would be an undue practice," he says. But the market is not sure. Recently the CCI's joint meeting with L&T and RIL led to no solution. This is the stuff of speculation and the scrip has been actively traded of late.

■ MANALI RESHAMWALA

CEI SEMINAR

Outlook for capital markets

The Confederation of Engineering Industries (CEI) chose "Focus on the Outlook for Capital Markets" as a part of its annual theme this year, which is "Challenge of a free economy"

The capital markets in India are poised to grow dramatically over the next new years. From 15 million shareholders, the total investors' population is expected to grow to 50 million by the end of the century. Sanjiv Goenka, chairman of the nomic affairs committee of CEI, in welcome address said, "Capital mar mobilised Rs.550 crore during the F Plan and Rs.21,500 crore during the enth Plan. They could very easily co Rs.40,000 to Rs.50,000 crore during current plan." With India's middle cla 150 million growing at 15 per cent pe num the potential seems limitless.

Regulated, not controlled. "Howe this growth should be regulated, thc not controlled," says G.V. Ramakrish chairman of the Securities and Excha Board of India (SEBI). Freeing the c tal markets will need rules and a refe SEBI is expected to play a pivotal rol a regulatory body in future. "Good reg tion is akin to a traffic policeman blows the whistle irrespective of whe a Maruti or a Mercedes jumps the tr lights. But control is like the police who stops each car and asks the driv he plans to jump the light," Ramakrishnan.

Investor protection is an aspect cle within the purview of SEBI's operati Every month, 5,000 letters are sen them, 60 per cent of which relate to pr lems of transfer and registration shares. Another point Ramakrish brought up was the woeful lack of legi tion in respect of debentures. Seve other suggestions made by the part pants were in the area of investor edu tion. A stockbroker from Cochin opi "A knowledgeable investor is easie service, and SEBI should do someth about that."

Hemendra Kothari, president of Bombay Stock Exchange (BSE), sp on the infrastructural requirments of exchange. Today, on an average, the change conducts 50,000 to 60,000 d an hour which, on occasion, has rise 88,000 deals. To handle the increas load, the BSE has acquired two m frames and proposes, in the near fut to conduct all its operations on line.

"With inflation at 15 per cent, savi which stand at 24 per cent of GNP, w be killed if capital markets don't pro a hedge against inflation," said P.N. M kad, former Controller of Capital Iss Clearly the stockmarkets are gai ground as an avenue for investors. He ther said, "With India's thrust towa privatisation, and the possibility of stockmarkets going global, their im tance will grow. But the crucial poi that growth with discipline is a must

■ AROON SAR

Money-earning knowledge on shares of 250 companies

The Stock Market Yearbook

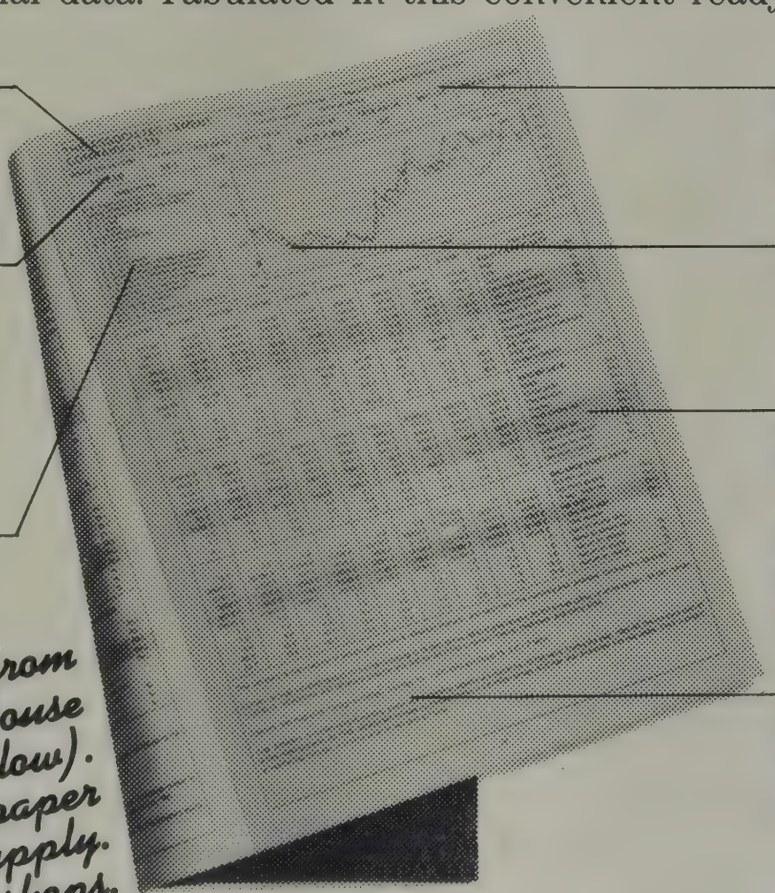
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Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 31.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	6.00	11.00	4.00	-4.8			11.0	18.3		
ABB,10	12/90	9.86	14.11	24.31	131.50	165.00	82.50	8.6	3.5	15.3	27.0	2.1		
ACC,100	03/90	55.95	90.00	260.86	2645.00	2645.00	494.00	31.7	95.1	83.4	15.0	0.6	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	430.00	650.00	300.00	36.8	14.0	11.7	16.0	3.7	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	217.50	225.00	122.50	10.9	4.1	20.0	25.0	1.1	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	46.50	65.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	11.00	22.00	10.00	0.3		36.7			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	87.00	135.00	73.00	11.3	5.0	7.7	25.0	2.9		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	14.00	25.00	9.00	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	1100.00	1650.00	510.00	185.8	108.4	5.9	20.0	1.8	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	44.00	250.00	38.00	2.2		20.0	10.0	2.3	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	9.00	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	17.00	30.00	12.00	2.6	1.2	6.5	15.0	8.8		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	71.00	92.50	42.50	18.3		3.9	25.0	3.5		
APPLE IND ,10	03/90	5.19	0.81	11.56	36.00	66.25	33.00	8.6		4.2	35.0	9.7		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	156.00	251.25	77.00	5.8	4.3	26.9	31.5	2.0	78	1:2
ASIAN CABLES,10	03/91	5.59	10.28	28.39	39.00	48.00	29.00	6.8	2.4	5.7	15.0	3.8	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	65.00	102.50	61.00	7.4	3.0	8.8	25.0	3.8		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	235.00	285.50	220.00	15.3	6.2	15.4	45.0	1.9	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	145.00	180.00	112.50	9.2	5.1	15.8	55.0	3.8	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	252.50	365.00	200.00	29.7	14.5	8.5	50.0	2.0		
ASTRA IDL,10	03/90	2.50	2.97	21.88	73.75	75.00	40.00	5.3	2.5	13.9	20.0	2.7		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	73.00	87.00	36.00	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	205.00	205.00	71.25	7.2	2.4	28.5	15.0	0.7	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	139.00	195.00	109.00	7.3		19.0	35.0	2.5	84	2:5
BAJAJ AUTO,10	03/91	18.81	298.75	168.83	613.75	725.00	467.50	30.0	21.6	20.5	100.0	1.6	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	83.00	92.50	41.00	0.7	3.6	118.6			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	210.00	280.00	150.00	11.5	9.1	18.3	20.0	1.0	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	57.50	62.50	35.50	3.0	1.8	19.2	18.0	3.1	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	270.00	310.00	160.00	19.9	14.2	13.6	28.0	1.0	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	460.00	1167.25	415.00	132.5	11.4	3.5	25.0	5.4	90	1:2
BASF,10	03/90	4.26	16.88	49.62	135.00	160.08	100.00	12.7	6.9	10.6	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	76.00	105.00	66.00	5.4		14.1	15.0	2.0	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	88.00	89.00	38.00	5.5		16.0	15.0	1.7		
BAYER INDIA,100	03/90	16.22	17.65	208.82	850.00	1075.00	600.00	32.8	24.4	25.9	20.0	2.4	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	53.00	77.50	32.50	1.9	-0.3	27.9	10.0	1.9	82	3:5
BHADRA PAPER,10	03/91	10.57	40.44	48.26	162.50	170.00	80.00	14.6	6.2	11.1	37.5	2.3		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	212.50	265.00	100.00	4.1	5.9	51.8	30.0	1.4	88	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	43.00	62.00	32.50	2.7	0.1	15.9		6.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	17.00	51.50	17.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	150.00	150.00	75.00	7.5	5.0	20.0	27.5	1.8	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	42.50	80.00	37.50	3.3	4.6	12.9	50.0	11.8	90	1:2
BIRLA JUTE,10	03/91	20.37	128.37	73.02	280.00	283.00	81.00	19.2	7.7	14.6	30.0	1.1	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	18.00	26.00	9.00	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	117.50	135.00	50.00	1.6	5.3	73.4	15.0	1.3	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	70.00	120.00	43.75	13.3	1.5	5.3	20.0	2.9	90	1:1
BOM BURMAH,100	03/90	5.52	19.47	452.72	1150.00	1250.00	790.00	88.2	38.9	13.0	30.0	2.6	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	212.50	240.00	114.25	9.8	7.7	21.7	40.0	1.9	90	1:1
BOM SUBURBAN,10	03/90	6.60	78.22	128.52	70.00	140.00	47.00	18.2	12.0	3.8	20.0	2.9	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	132.50	140.00	92.50	5.6	3.9	23.7	30.0	2.3	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	47.50	65.00	47.50	5.9		8.1	25.0	5.3	82	1:2
BRITANNIA,10	03/91	18.57	37.96	30.44	147.50	162.50	105.00	5.4	2.8	27.3	29.0	2.0	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	140.00	167.50	114.00	5.9		23.7	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	80.00	110.00	67.50	3.0	2.3	26.7	15.0	1.9	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	43.00	87.00	39.50	7.9	2.9	5.4	20.0	4.7		
C.P TOOLS,100	03/90	4.57	14.21	410.94	610.00	650.00	280.00	5.0	-5.6	122.0	15.0	2.5	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	100.00	117.50	66.50	11.0	3.4	9.1	28.0	2.8		
CADBURY,10	03/90	8.40	14.40	27.14	162.50	185.00	140.00	6.3	2.3	25.8	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	55.00	95.00	40.00	2.3		23.9			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	16.00	31.00	9.00	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	287.50	287.50	148.44	6.1	8.5	47.1	27.0	0.9	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	92.50	125.00	70.00	15.2	6.3	6.1	30.0	3.2	86	1:2
CEMINDIA,10	03/90	1.28	8.57	76.95	108.00	122.50	75.00	7.0	2.8	15.4	30.0	2.8	84	3:5
CENTURY ENKA,100	03/91	23.25	161.52	794.71	2625.00	3964.29	2321.43	104.2	65.0	25.2	49.0	1.9	90	2:5
CENTURY SPIN,100	03/91	26.62	252.97	1050.30	5275.00	5275.00	3440.00	306.3	120.1	17.2	50.0	0.9	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	19.00	34.00	14.00	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	105.00	120.00	91.00	6.7	2.6	15.7	31.5	3.0	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	14.50	19.00	10.75	1.8	1.2	8.1	18.0	12.4		
CITURGIA,10	03/90	3.38	8.34	34.67	142.50	142.50	85.00	8.8	2.9	16.2	35.0	2.5		
COLGATE,10	12/89	31.44	25.32	18.05	315.00	340.00	221.25	8.0		39.4	42.5	1.3	89	1:1
COLOUR CHEM,100	03/90	7.94	13.96	275.82	900.00	1000.00	605.00	30.0	3.0	30.0	22.0	2.4	80	2:5
COMET STEEL,10	03/91	9.55	5.34	15.53	15.00	31.00	15.00	0.9		16.7		10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	80.00	80.00	45.00	4.3	1.5	18.6	20.0	2.5	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	23.75	45.00	18.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1300.00	1650.00	682.50	80.9	33.6	16.1	18.0	1.4	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	131.25	142.50	81.25	7.8	4.6	16.8	25.0	1.9		

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 31.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bo Yea
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	38.00	58.75	27.50	4.3	3.2	8.8			7
DCM,10	03/89	23.02	37.80	26.42	250.00	275.00	47.00	2.6	-2.2	96.2			
DEEPAK FERT,10	03/90	36.68	11.32	13.09	28.00	42.00	24.00	3.2	4.1	8.8	18.0	6.4	
DEEPAK NITR,10	03/90	2.43	9.23	47.98	96.00	140.00	82.00	14.3	8.6	6.7	30.0	3.1	8
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00						
DHARAMSI,10	03/90	6.24	15.76	35.26	48.75	70.00	40.02	10.0	5.1	4.9	25.0	5.1	9
DR.REDDYS,10	03/90	2.08	1.36	16.54	112.50	112.50	49.00	3.1	1.6	36.3	25.0	2.2	
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	250.00	265.00	57.50	368.5	82.6	0.7	40.0	16.0	8
DUNLOP,10	03/90	18.99	68.77	46.21	55.00	85.00	50.00	2.3	2.0	23.9	30.0	5.5	7
E. MERCK,10	12/90	5.94	7.40	22.46	89.00	95.00	59.00	3.3		27.0	20.0	2.2	8
E.I.HOTELS,10	03/90	23.84	47.57	29.95	40.00	62.50	40.00	4.5	0.5	8.9	22.0	5.5	8
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	47.50	51.25	26.25	3.5	3.4	13.6		10.0	
EID PARRY,10	03/90	6.28	31.42	60.03	105.00	105.00	75.00	8.1	5.5	13.0	25.0	2.4	
ELECON ENG,10	03/90	5.65	27.25	58.23	52.00	70.00	47.50	1.8		28.9	12.0	2.3	8
ENFIELD,10	03/90	5.04	6.05	22.00	19.00	32.50	13.50	-6.3	-0.7				8
ENGLISH ELECT,10	03/90	9.00	18.88	30.98	71.00	84.00	34.50	3.3		21.5	25.0	3.5	9
ESCORTS,10	03/90	33.90	127.32	47.56	160.00	185.00	98.50	6.6	4.7	24.2	30.0	1.9	8
ESKAYEF,10	03/90	7.50	26.57	45.43	183.75	191.25	113.75	10.4	6.5	17.7	30.0	1.6	8
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	38.50	47.00	20.00	2.9	4.6	13.3	30.0	7.8	
EXCEL,10	03/90	4.62	18.89	50.89	345.00	390.00	181.00	20.0	16.2	17.2	50.0	1.4	8
FAG PRECISION,10	03/90	3.36	3.71	35.92	100.00	140.00	63.75	13.8	8.7	7.2	18.0	1.8	
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	38.75	82.50	37.50	15.9		2.4	25.0	64.5	8
FGP,10	03/91	4.89	7.96	26.26	62.50	75.00	52.00	3.5	2.2	17.9	22.0	3.5	8
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	142.50	240.00	120.00	16.7	9.3	8.5	45.0	3.2	8
FINOLEX,10	03/90	3.24	38.28	128.15	212.50	375.00	170.00	28.1	15.6	7.6	50.0	2.4	8
FIRST LEASING,10	11/89	6.30	10.05	25.95	33.75	55.00	24.00	4.8		7.0	26.0	7.7	8
FLAKT INDIA,10	12/90	4.76	4.08	18.57	75.00	85.00	31.00	4.3	0.9	17.4	20.0	2.7	8
FORBES FORBES,10	03/90	4.25	21.83	61.36	76.25	85.00	52.50	5.0	1.8	15.2	20.0	2.6	8
FULFORD,10	03/90	0.80	3.54	54.25	245.00	265.00	157.50	14.4		17.0	22.0	0.9	9
G.E SHIPPING,10	03/90	64.85	55.26	18.52	43.00	49.00	27.00	6.7	3.0	6.4	20.0	4.7	9
G.K.W.,10	03/90	24.06	41.04	27.06	37.50	70.00	27.50	6.0	0.5	6.2	15.0	4.0	8
G.T.C.INDUST,10	03/90	5.00	13.24	36.48	108.75	110.00	31.00	7.2	7.2	15.1	35.0	3.2	7
GABRIEL,10	03/90	2.64	5.63	31.33	43.75	77.50	43.75	6.6		6.6	18.0	4.1	7
GAMMON INDIA,10	03/90	2.16	13.87	74.21	113.75	135.00	62.50	2.8	4.2	40.6	25.0	2.2	8
GARDEN SILK,10	06/89	16.24	84.67	62.14	45.00	62.50	35.00	3.6	2.6	12.5	30.0	6.7	
GARWARE NYLON,10	03/90	9.72	14.92	25.35	30.00	67.00	30.00	3.6	2.0	8.3	15.0	5.0	8
GARWARE POLY,10	09/89	10.94	21.96	30.07	50.50	60.00	29.50	-6.4				4.1	
GARWARE SHIP,10	03/89	3.75	0.03	10.08	18.50	22.00	13.50	5.9	1.6	3.1	15.0	8.1	
GEN ELECTRIC,10	03/90	7.20	30.60	52.50	56.00	57.00	31.00	3.8	2.5	14.7	10.0	1.8	8
GENELEC,10	03/89	2.16	-4.39	-10.32	18.00	41.00	15.00	-47.1			14.7	8.2	8
GEORGE WILL,10	03/90	9.45	23.82	35.21	157.50	180.00	120.00	5.2	10.0	30.3	60.0	3.8	8
GERMAN REMED,10	03/90	6.52	5.61	18.60	110.00	200.00	75.00	13.3	1.8	8.3	20.0	1.8	9
GLAXO,10	03/90	20.00	49.88	34.94	100.00	107.00	82.50	7.7	2.8	13.0	27.0	2.7	8
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	315.00	325.00	80.00	11.0	21.6	28.6	35.0	1.1	7
GOETZE,10	03/90	6.93	16.53	33.85	122.50	122.50	80.00	6.7	3.4	18.3	32.0	2.6	7
GOKAK PATEL,10	03/90	6.52	25.96	49.82	250.00	255.00	92.50	13.7	11.0	18.2	32.0	1.3	8
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	60.00	140.00	52.50	8.5	1.8	7.1	20.0	3.3	7
GOODYEAR,10	12/90	14.96	47.11	41.49	52.50	220.00	45.00	4.5		11.7	25.0	4.8	9
GRAMOPHONE,10	03/90	4.37	11.43	36.16	13.50	22.50	11.62	0.4	0.3	33.8			
GRASIM,10	03/91	60.20	279.13	56.37	252.00	265.00	123.50	15.9	7.2	15.8	35.0	1.4	8
GREAVE COTTON,10	03/90	9.86	30.96	41.40	80.00	110.00	60.00	6.6	2.1	12.1	18.0	2.2	8
GUJ ALKALIES,10	03/91	17.90	39.87	32.27	152.50	160.00	88.00	8.4	3.1	18.2	28.0	1.8	8
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	172.50	172.50	46.00	7.3	4.8	23.6	25.0	1.4	
GUJ NARMADA,10	03/89	88.99	103.47	21.63	40.50	54.00	34.00	3.4	0.4	11.9	10.0	2.5	
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	205.00	260.00	160.00	11.6	8.3	17.7	30.0	1.5	8
HARRISON,10	06/90	9.10	21.40	33.52	190.00	237.50	115.00	10.6	5.6	17.9	75.0	3.9	8
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	88.75	120.00	80.00	10.0	3.5	8.9	26.0	2.9	7
HERO HONDA,10	03/90	15.98	-2.76	8.27	92.00	93.75	28.00	-0.3	2.0				
HIND ALLOY,10	03/90	7.13	5.03	17.05	65.00	128.75	60.00	9.4	4.1	6.9	30.0	4.6	
HIND CIBA,100	03/90	17.71	40.07	326.26	1210.00	1230.00	700.00	92.7	39.5	13.1	30.0	2.5	9
HIND DEVELOP,10	03/90	32.93	92.56	38.11	97.50	110.00	75.00	3.9	2.4	25.0	20.0	2.1	8
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	77.50	115.00	52.50	7.3	2.8	10.6	25.0	3.2	8
HIND FERODO,10	03/90	5.50	1.89	13.44	30.00	40.00	15.00	0.1		300.0	7.5	2.5	8
HIND LEVER,10	12/90	93.32	162.06	27.37	159.00	168.75	122.00	7.1		22.4	42.0	2.6	8
HIND MOTOR,10	03/90	26.35	44.92	27.05	23.50	54.50	17.00	0.8	0.4	29.4	7.5	3.2	8
HINDALCO,10	03/91	38.77	253.87	75.48	266.25	355.00	171.88	16.7	19.8	15.9	30.0	1.1	9
HMM,10	03/90	14.18	93.90	76.22	366.25	400.00	305.00	12.4	5.3	29.5	40.0	1.1	8
HOECHST,100	03/90	9.58	56.06	685.18	2850.00	3650.00	1745.00	94.5	56.1	30.2	20.0	0.7	8
HOGANAS,10	03/90	1.15	0.29	12.52	130.00	145.00	23.75	4.0	1.4	32.5	15.0	1.2	
HOTEL LEELA,10	03/90	18.57	2.20	8.82	16.00	26.00	14.25	0.1	-0.1	160.0			
HOUSING DEV FIN,100	03/91	45.00	108.65	341.44	445.00	475.00	260.00	66.2	82.8	6.7	22.0	4.9	
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	14.50	25.00	8.00	1.4	1.2	10.4	15.0	10.	
I.O.L.,10	03/90	14.60	31.44	31.53	50.00	56.00	31.00	0.2		250.0	10.0	2.0	8
ICI,10	03/90	40.87	84.19	30.60	50.00	67.50	27.50	-2.9	-2.1	31.7		5.9	7
ICIM,10	03/91	8.61	4.61	15.35	30.00	45.00	23.00	2.5	1.8	12.0			
INDIA CEMENT,10	03/90	4.90	48.98	109.96	171.00	171.00	37.00	5.9	7.0	29.0	15.0	0.9	8

	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 31.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
.10	03/90	8.98	-4.64	4.83	12.00	22.00	9.50	-2.4	-1.3					
RES.10	03/90	29.75	-2.73	9.08	9.00	22.00	7.00	-0.9	-1.1					
HIP.10	03/90	10.15	-63.17	-52.24	12.00	16.50	8.70	1.8		6.7			75	1:1
0	03/90	41.50	49.09	21.83	167.50	250.00	145.00	14.1	7.0	11.9	25.0	1.5	77	2:5
UFF.100	03/90	9.41	38.71	511.37	675.00	775.00	350.00	44.4	46.0	15.2	14.0	2.1	80	1:4
.10	03/90	14.79	51.27	44.67	91.00	127.50	85.00	7.8	1.0	11.7	25.0	2.7	89	1:2
MC.10	03/90	18.40	26.38	24.34	40.00	86.00	31.25	4.6		8.7	16.0	3.8	85	1:2
.10	06/90	25.40	202.97	89.91	121.00	163.75	107.00	7.8	4.0	15.5	30.0	2.5	80	1:4
ESS.10	03/91	3.86	7.04	28.24	145.00	165.00	72.50	14.6		9.9	25.0	1.7	89	3:4
T.10	03/90	164.92	0.25	10.02	47.00	47.00	17.50	0.1	-0.2	470.0				
0	03/90	14.00	1.21	10.86	17.00	25.50	12.50	0.2	0.5	85.0	6.0	3.5		
	03/90	15.78	34.25	31.70	310.00	360.00	225.00	9.1	5.3	34.1	25.0	0.8	89	1:1
.10	03/90	3.50	11.10	41.71	80.00	90.00	52.50	2.9	0.7	27.6	13.0	1.6	88	4:5
	03/90	12.00	-15.79	-3.16	50.00	60.00	21.50	2.9	1.4	17.2				
	03/90	86.34	152.27	32.95	164.00	185.50	76.00	7.9	5.7	20.8	37.5	2.3	89	1:1
10	03/90	3.00	6.02	30.07	146.25	207.50	75.00	12.7	17.0	11.5	21.0	1.4		
S.10	06/90	14.04	27.86	29.84	93.75	93.75	47.50	11.8		7.9	30.0	3.2	67	1:1
.10	03/90	38.51	129.12	43.53	34.00	79.00	27.00	1.1	-5.7	30.9	20.0	5.9	83	1:3
N.10	06/90	3.87	5.11	23.20	28.00	44.00	23.00	4.2		6.7	10.0	3.6	87	2:5
ES.10	03/90	3.90	-4.84	-2.41	85.00	105.00	42.50	4.0	2.1	21.2				
.10	03/90	4.72	9.05	29.17	270.00	500.00	187.50	19.7	5.7	13.7	75.0	2.8	90	1:1
0	06/90	8.40	25.48	40.33	127.50	157.50	83.00	10.8	9.7	11.8	20.0	1.6	89	1:1
	03/90	11.46	53.78	56.93	100.00	132.50	52.50	2.3		43.5	10.0	1.0	79	1:2
0	03/90	9.00	8.88	19.87	26.00	42.50	25.00	5.9	2.8	4.4	12.0	4.6		
10	03/90	2.88	22.29	87.40	172.50	240.00	155.00	12.3	7.7	14.0	25.0	1.4	89	1:1
.10	06/90	9.99	7.63	17.64	72.00	95.00	60.00	3.4	4.3	21.2				
.10	03/90	26.40	41.95	25.89	125.00	148.00	75.00	4.4	2.0	28.4	20.0	1.6	86	1:1
IC.10	03/90	3.85	11.28	39.30	52.50	85.00	35.00	6.7	1.5	7.8	18.0	3.4		
.10	03/90	5.75	13.16	32.89	72.50	82.50	33.75	5.2		13.9	16.0	2.2	76	3:7
ID.10	03/90	4.50	12.31	37.36	172.50	215.00	100.00	13.1		13.2	24.0	1.4	90	1:1
	03/91	8.70	17.20	29.77	197.50	260.00	170.00	8.2	3.1	24.1	25.0	1.3	89	1:1
	03/90	3.15	9.67	40.70	260.00	300.00	127.50	5.6	4.8	46.4	28.0	1.1	89	1:2
IO.10	03/90	68.09	321.18	57.17	115.00	166.25	72.50	6.3	7.2	18.3	25.0	2.2	86	3:5
	12/90	15.75	24.51	25.56	101.00	110.00	65.00	3.7		27.3	22.0	2.2		
0	03/91	5.07	8.59	26.94	52.50	100.00	40.00	9.7		5.4	25.0	4.8	89	1:2
	03/90	21.42	9.07	14.23	25.00	66.00	12.50	0.2	-0.2	125.0			80	4:5
OR.10	03/90	2.74	39.99	155.95	94.00	106.00	90.00	11.9	8.4	7.9	25.0	2.7		
NT.100	03/90	3.02	18.65	717.55	5400.00	5400.00	1250.00	22.5	276.0	240.0				
S.10	03/90	21.96	92.32	52.04	195.00	270.00	122.50	8.4	7.8	23.2	40.0	2.1	90	1:2
E.100	03/90	14.48	18.90	230.52	385.00	690.00	242.50	-33.1	6.6	47.1		3.1	80	1:3
100	03/90	13.45	51.38	482.01	1050.00	1300.00	540.00	22.7	19.1	46.3	22.0	2.1	78	1:5
1.10	03/90	19.26	113.23	68.79	77.50	115.00	65.00	8.3	3.3	9.3	25.0	3.2	84	2:3
SAN	03/90	19.26	0.15	10.08	17.50	28.00	12.50	-1.5	-2.5					
NE.10	03/90	11.50	26.98	33.46	60.00	85.00	47.50	4.1		14.6	20.0	3.3	88	1:2
M.10	03/91	7.11	13.42	28.87	86.25	86.25	35.00	5.8	1.5	14.9	24.0	2.8		
HEM.10	09/90	59.72	0.17	10.03	11.50	35.00	11.00		-9.8			4.3		
.10	06/89	225.00	280.60	22.47	35.75	37.00	19.85	8.3		4.3	18.0	5.0		
.10	03/90	23.04	9.15	13.97	25.00	45.00	23.00	1.8	0.7	13.9	22.0	8.8	87	3:5
	03/90	2.79	6.17	32.11	70.00	100.00	67.50	5.5	2.0	12.7	30.0	4.3		
.10	11/89	4.32	2.64	16.11	8.50	15.00	5.00	-0.7				14.1		
	03/90	9.99	25.89	35.92	66.00	100.00	60.00	8.9	2.0	7.4	25.0	3.8	86	1:1
L.10	03/90	5.25	22.38	45.81	127.50	135.00	90.00	13.9	13.6	9.2	60.0	4.7	89	3:5
	03/90	14.68	-26.32	-7.93	8.50	13.75	6.50	-9.4					67	1:2
	03/91	1.28	2.26	27.66	80.00	110.00	50.00	3.2	1.4	25.0	18.0	2.2	89	1:1
	03/90	1.14	4.49	49.39	97.50	185.00	95.00	23.0		4.2	30.0	3.1	87	1:1
ES.10	03/89	3.30	23.65	81.67	12.50	30.00	12.50	-52.6	-1.6			3.2	69	1:5
0	03/90	10.38	52.50	60.58	67.00	95.00	55.00	6.9	3.8	9.7	25.0	3.7	84	2:5
	03/90	19.46	6.50	13.34	60.00	104.00	60.00	3.1	0.5	19.4	16.0	2.7		
100	12/89	38.05	67.85	278.32	1195.00	1300.00	700.00	38.4	19.4	31.1	14.0	1.2	86	1:1
	03/90	3.86	56.04	152.59	560.00	565.00	235.00	32.4	19.2	17.0	80.0	1.1	75	1:2
	03/91	14.74	99.82	77.72	183.75	242.50	132.00	7.9	5.7	20.7	30.0	1.8	88	1:2
T.10	03/90	19.23	97.87	60.89	68.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
.10	03/90	2.43	4.87	30.04	13.50	22.50	13.00	7.1	3.2	1.9	25.0	18.5		
DE.100	12/90	2.30	7.18	412.17	1450.00	1450.00	525.00	-19.1	-80.4		6.0	0.4		
C.100	03/90	5.28	3.75	153.72	525.00	700.00	275.00	14.0		44.6				
	12/89	38.62	5.70	11.56	139.00	158.75	115.00	3.9		35.6	30.0	2.2	89	3:5
	03/90	15.78	-23.74	-5.08	22.00	37.00	16.00	-11.8	-5.6				82	1:2
	03/90	36.66	109.85	405.14	1295.00	1850.00	925.00	117.3	37.9	11.0	40.0	3.1	86	1:2
T.10	03/90	5.40	47.44	97.85	185.00	185.00	40.00	2.5	0.5	74.0	20.0	1.1	87	1:1
	03/90	98.79	51.85	17.79	26.75	47.00	16.50	0.2	0.5	133.8		17.5		
	06/89	36.72	81.67	18.44	38.50	72.50	32.00	2.8	2.1	13.8	50.0	13.0	87	3:5
20	03/90	18.00	0.15	10.08	18.00	35.00	17.00	-2.5		90.0				
S.10	03/90	9.37	20.34	47.88	240.00	245.00	170.00	7.5	3.5	32.0	25.0	1.0	85	1:1
	03/90	7.50	4.88	15.42	70.00	122.50	70.00	3.7	4.2	18.9	35.0	5.0	90	3:5
	12/90	9.12	40.04	22.93	15.00	30.00	13.75	2.0	2.3	37.5	10.0	1.3	82	1:5
	03/90	11.72	16.81	24.43	73.00	150.25	60.00	2.3	1.8	32.8	20.0	2.7	77	4:5

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 31.5.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM.10	03/90	6.00	17.30	38.83	63.75	106.72	45.36	11.5	4.1	5.5	25.0	3.9	90	1:2
POLYOLEFINS.100	03/90	19.30	56.49	392.69	1225.00	1450.00	850.00	94.0	33.8	13.0	35.0	2.9	88	1:2
PONDS.10	12/90	10.01	19.26	29.24	216.00	220.00	155.00	7.6		28.4	37.5	1.7	90	1:2
PREMIER AUTO.10	06/90	22.75	112.26	59.35	52.00	79.00	32.00	7.5		6.9	30.0	5.8	86	1:1
PROCTER & GAM.10	06/90	6.68	11.68	27.49	255.00	340.00	202.50	6.7	5.3	38.1	30.0	1.2	88	4:5
PSI DATA.10	03/90	6.50	-5.27	1.89	19.00	27.50	9.00	-19.1				11.0		
RALLIS.10	03/90	9.52	35.58	47.37	80.00	135.00	70.00	1.9	3.3	42.1	10.0	1.2	77	3:1
RANBAXY.10	03/90	8.95	16.22	28.12	155.00	155.00	95.00	8.4	6.6	18.5	27.5	1.8	88	2:5
RAYMONDS.10	03/90	22.47	80.46	45.81	167.00	178.00	90.00	8.1	7.2	20.6	20.0	1.2	87	1:1
RECKITT COLMAN.10	12/90	8.40	27.81	43.11	267.50	275.00	207.50	11.1	4.8	24.1	47.5	1.8	88	1:1
REGENCY CERAMIC.10	03/89	5.61	0.25	10.45	13.00	22.00	12.00	0.9	0.7	14.4				
RELIANCE PETRO	03/89	86.47	0.48	10.06	39.00	56.50	20.50	0.6		65.0	18.0	4.6		
RELIANCE.10	03/90	152.11	958.12	72.99	147.50	234.00	62.50	5.9	5.5	25.0	30.0	2.0	83	3:5
REMINGTON.10	03/90	2.67	4.34	26.25	35.00	50.00	35.00	3.3	1.8	10.6	20.0	5.7	86	1:2
REVATHI C.P.10	03/91	1.60	5.41	43.81	100.00	100.00	72.50	9.5		10.5	25.0	2.5	87	1:1
RHONE-POULENC.10	03/90	4.50	14.22	41.60	105.00	118.75	63.75	9.8	3.1	10.7	15.0	1.4		
ROCHE PRODUCTS.10	03/90	4.81	6.23	22.95	61.25	75.00	37.50	2.2	1.9	27.8	12.0	2.0	80	1:3
ROSS MURARKA.10	06/90	4.64	13.17	38.38	28.00	32.50	6.00	10.4	1.5	2.7	20.0	7.1		
S.I.VISCOSE.100	03/90	11.03	38.51	449.14	1365.00	2950.00	1150.00	202.0	63.9	6.8	45.0	3.3	87	1:2
SAMTEL INDIA.10	03/90	3.57	8.07	32.61	24.00	40.00	18.00	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ.10	12/89	5.30	24.68	56.57	107.50	136.74	80.00	11.2		9.6	18.0	1.7	90	1:2
SANDVIK ASIA.100	12/90	5.78	10.85	287.72	1410.00	1450.00	615.00	87.2		16.2	30.0	2.1	84	1:1
SCINDIA.20	03/90	18.95	-40.86	-23.12	12.75	13.50	7.00	-23.6	-3.8				77	2:5
SEARLE.10	03/90	7.82	10.93	23.98	133.75	155.00	110.00	5.3	4.9	25.2	20.0	1.5	88	1:2
SESA GOA.10	03/90	5.15	12.25	33.79	218.75	231.25	90.00	6.7	9.5	32.6	18.0	0.8	86	2:5
SHAW WALLACE.10	03/90	12.00	37.90	41.58	116.00	163.00	78.00	12.7	6.3	9.1	42.5	3.7	87	1:1
SIEMENS.10	03/90	20.77	61.17	39.45	140.00	148.00	108.00	4.4	4.0	31.8	30.0	2.1	86	1:4
SILTAP CHEMICAL.10	07/90	1.80	-0.76	5.78	130.00	140.00	65.00	0.4	-3.4	325.0				
SIPTA COATED.10	03/91	17.59	7.77	14.42	15.00	30.00	13.00	0.2		75.0		9.4		
SKF BEARINGS.100	03/90	24.70	52.45	312.35	2575.00	2775.00	1495.00	84.0	50.7	30.7	15.0	0.6	89	1:1
SOUTHERN PETRO.10	03/90	34.00	292.60	96.06	60.00	75.00	34.00	6.8	1.3	8.8	16.0	2.7	86	1:1
SPARTEK.10	03/90	4.56	5.91	22.96	68.75	75.00	45.00	6.8	3.8	10.1	18.0	2.6	89	3:5
SPECIAL STEEL.10	03/91	11.39	24.17	31.22	182.50	250.00	125.00	11.1	5.2	16.4	25.0	1.4	89	1:2
SRF.10	09/89	10.33	22.69	31.97	45.00	65.00	32.50	4.2		10.7	18.0	4.0	82	1:2
STANDARD IND.10	03/90	11.06	36.78	43.25	80.00	120.00	51.25	1.2	1.9	66.7	20.0	2.5	82	2:5
STANDARD MOTOR.10	03/88	4.37	3.98	19.11	16.00	26.00	11.00	-18.1				15.8	85	1:1
STRAW PRODUCTS.10	03/90	10.14	77.87	86.79	165.00	165.00	89.00	7.2	4.4	22.9	30.0	1.8	72	1:2
SU-RAJ DIAMOND.10	03/90	7.86	9.72	22.69	36.00	57.50	36.00	14.2	5.2	2.5	25.0	6.9		
SUND CLAYTON.10	05/90	9.48	23.99	35.31	42.50	65.00	36.00	0.1	1.1	425.0		5.4	87	2:3
SUND FASTENERS.10	03/90	5.10	13.30	36.08	103.75	137.50	76.50	9.3	2.6	11.2	27.5	2.7	88	3:5
SUND FINANCE.10	03/90	6.00	23.62	49.37	64.00	73.00	38.50	15.3		4.2	30.0	4.7	90	1:1
SUPREME INDUST.10	06/90	2.27	13.47	69.34	350.00	350.00	175.00	20.3	9.7	17.2	45.0	1.3	87	1:1
SWAD POLYTEX.10	03/90	3.90	11.77	40.18	39.00	90.00	35.00	4.6	1.3	8.5	17.5	4.5		
SYNTH & CHEM.10	03/90	11.42	9.75	18.54	56.25	65.00	38.75	4.3	2.7	13.1	25.0	4.4		
TATA CHEMICALS.10	03/90	73.76	210.39	38.52	70.00	117.00	60.00	5.5	2.2	12.7	30.0	4.3	89	1:2
TATA LOCO.10	03/90	103.67	378.70	46.53	227.50	266.25	139.00	9.9	5.1	23.0	30.0	1.3	82	2:5
TATA OIL.10	03/91	9.73	26.89	39.89	75.00	150.00	49.60	5.8	2.9	12.9	20.0	2.7	90	4:5
TATA POWER.100	03/90	21.22	76.04	458.34	1420.00	13650.0	582.50	56.9	28.0	25.0	20.0	1.4	75	1:5
TATA PRESS.10	03/90	1.57	5.62	45.80	53.00	75.00	32.50	-3.6		10.9	10.0	1.9		
TATA STEEL.10	03/90	229.43	1103.11	58.08	179.00	230.00	117.75	6.5	3.3	27.5	30.0	1.7	86	2:5
TATA TEA.10	03/90	17.10	109.99	74.32	330.00	450.00	206.00	24.3	16.3	13.6	60.0	1.8	88	3:5
TATA UNISYS.10	03/90	4.38	8.76	30.00	150.00	200.00	87.50	11.8	4.3	12.7	30.0	2.0	87	2:5
TEXMACO.10	03/90	1.87	11.06	69.14	59.00	84.00	35.00	-67.0						
TINPLATE.10	03/90	10.14	12.16	21.99	43.75	47.50	27.50	2.5	-4.3	17.5	15.0	3.4		
TUBE INVESTMENT.10	03/90	6.71	28.62	52.65	85.00	95.00	65.00	6.7	3.1	12.7	24.0	2.8	85	1:3
TUTICO ALKALIES.10	03/90	12.94	0.20	10.15	16.00	17.00	9.00	1.1	-0.8	14.5		44.4		
TVS SUZUKI.10	03/89	23.10	-5.50	7.62	14.00	26.00	11.00	1.3		10.8				
TWENT.CENT.10	03/90	8.88	12.44	24.01	31.00	52.00	26.25	4.5		6.9	22.0	7.1	88	2:5
U.B.LTD.10	03/90	4.00	50.45	136.12	54.00	76.25	37.00	8.1		6.7	20.0	3.7	86	1:1
UNION CARBIDE.10	03/91	32.58	38.16	21.71	59.00	59.00	25.50	4.1		14.4	15.0	2.5	80	1:2
UNIT PHOSPHORUS.10	03/90	3.55	4.29	22.08	152.50	152.50	45.00	1.8	2.6	84.7	10.0	0.7		
UPCOM CABLES.10	03/89	5.92	1.88	13.18	13.00	27.00	12.50	4.3	-0.8	3.0	20.0	15.4		
VAM ORGANIC.10	03/90	5.16	20.35	49.44	165.00	195.00	111.25	15.7	5.7	10.5	35.0	2.1		
VIDEOCON INT.10	03/90	4.23	6.91	26.34	237.50	530.00	145.00	66.2	37.0	3.6	40.0	1.7		
VINDHYA TELE.10	03/91	3.90	21.06	64.00	64.00	135.00	60.00	2.8	1.4	22.9	24.0	3.8		
VOLTAS.100	03/91	19.85	74.92	477.43	121.25	140.00	79.00	92.2	5.8	1.3	27.0	22.3	89	1:2
VST INDUSTRIES.10	03/91	9.65	35.76	47.06	160.00	165.00	45.00	24.2	9.1	6.6	45.0	2.8	89	3:5
WALCHAND.100	09/89	3.00	2.46	182.00	30.00	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA.10	03/90	3.90	11.49	39.46	150.00	180.00	103.75	20.9	18.3	7.2	70.0	4.7	89	1:1
WIMCO.10	03/90	13.58	5.51	14.06	25.00	44.00	17.00	-2.9	0.1				70	1:5
Z.F.STEERING.10	03/90	2.25	1.02	14.53	42.50	80.00	37.50	2.0	1.1	21.2	12.5	2.9		
ZENITH.10	03/90	9.15	-11.20	-2.24	25.00	55.00	25.00	-28.4	11.9	9.2	30.0	12.0	87	1:4
ZUARI.10	03/90	12.43	57.09	55.93	77.50	95.00	59.00	4.7	4.2	16.5	30.0	3.9		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after tax earnings per share for six months taking into account announced half yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price

TOMCO

AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 1991.

Rupees in Lakhs

	1990-91	1989-90	Percentage Change
1. **INCOME**	38722	33950	14.05
2. **Gross Profit before interest, depreciation and taxes**	2263	2152	5.16
3. Less: Interest	1291	1097	7.68
Depreciation	317	319	−0.63
Taxes	90	200	−55.00
4. **Profit After Taxes**	565	536	5.41
5. Amount transferred from Investment Allowance (Utilised) Reserve	78	—	—
6. Amount transferred to Debenture Redemption Reserve	79	51	—
7. Balance	486	485	—
8. Balance brought forward from last year	245	60	—
9. Amount available for appropriation	809	545	—

THE TATA OIL MILLS COMPANY LIMITED
Registered Office:
Bombay House, 24 Homi Mody Street,
Fort, Bombay 400 001.

DART/TOMCO

DEBENTURES

Face Value	Market lot	Type	Rate %	Size Rs lacs	Price Rs	Date	Yield %	Interest due date	Redemption date	Book closure
100	10	NCD	13.5	252.0	85.00	04/06/90	15.88	30.6,31.12	17/9/93	17/06/91
64	5	NCD	13.5	521.0	52.50	25/04/91	16.46	31.3,30.9	3 4 96	16/03/91
64	5	NCD	13.5	1043.0	52.50	29/04/91	16.46	31.3,30.9	3/4/96	16/03/91
100	5	NCD	15.0	815.0	105.00	29/04/91	14.29	31.3,30.9	3/4/91	16/03/91
75	10	CD	15.0	390.0	60.00	08/05/91	18.75	31.1,31.7	17/3/94	21/01/91
100	25	NCD	15.0	510.0	95.00	23/05/91	15.79	30.4,31.10	11.4.93	01.04.91
200	5	NCD	13.5	999.0	165.00	21/05/91	16.36	30.9,31.3	7/2/96	12/03/91
200	10	NCD	13.5	625.0	167.00	23/05/91	16.17	31.1,30.6	4/11/96	18/06/91
100	10	NCD	15.0	807.0	65.00	30/04/91	23.08	1.1,1.7	4/10/95	16/03/91
100	10	CD	15.0	163.0	85.00	23/05/91	17.65	30.6,31.12	4/6/96	18/06/90
150	5	NCD	13.5	120.0	135.00	05/12/89	15.00	15.7,15.1	30/6/89	17/12/90
50	10	NCD	13.5	1566.0	42.00	06/05/91	16.07	10.4,10.10	10/4/94	01/03/91
45	5	NCD	13.5	247.0	40.00	05/12/89	15.19	30.6,31.12	12/3/94	05/03/91
75	10	NCD	13.5	100.0	75.00	06/05/91	13.50	31.3,30.9	15/4/94	26/12/91
100	5	NCD	13.5	168.0	90.00	11/05/90	15.00	31.3,30.9	19/11/92	19/03/91
190	2	NCD	13.5	750.0	170.00	31/08/89	15.09	30.6,31.12	30/6/91	06/06/91
100	10	NCD	13.5	600.0	87.50	09/05/91	15.43	1.4,1.10	2/4/94	09/03/91
100	10	NCD	12.5	300.0	73.75	23/05/91	16.95	31.3,30.9	31/3/97	01/03/91
96	5	NCD	13.5	100.0	85.00	13/05/91	15.25	31.3	30/6/97	15/03/91
140	5	NCD	13.5	700.0	97.50	13/05/91	19.38	28.2,31.8	1/8/93	25/02/91
100	5	CD	13.5	206.0	80.00	22/05/90	16.88	30.6,31.12	14/12/92	08/12/90
100	5	NCD	15.0	383.0	99.00	25/04/91	15.15	1.5,1.11	14/9/91	04/04/91
500	1	NCD	15.0	2987.0	535.00	16/05/91	14.02	1.7	30/6/91	16/05/90
75	10	NCD	13.5	1123.0	70.00	13/05/91	14.46	1.4,1.10	26/4/92	22/02/91
100	10	NCD	12.5	2708.0	86.00	25/04/91	14.53	15.6,15.12	14/6/94	10/12/91
80	5	NCD	12.0	801.0	51.25	09/01/90	18.73	30.6,31.12	6/4/93	14/06/91
112	5	NCD	13.5	1668.0	92.50	14/05/91	16.35	30.6	18/2/95	14/06/91
120	4	NCD	13.5	1875.0	97.50	14/05/91	16.62	1.1,1.7	1/4/92	14/06/90
100	10	NCD	15.0	600.0	96.00	21/05/91	15.62	30.6,31.12	14/4/94	17/06/91
100	5	NCD	15.0	67.0	105.00	05/12/88	14.29	30.6,31.12	7/6/91	01/12/90
90	5	NCD	13.5	1890.0	70.00	27/03/91	17.36	31.3,30.9	11/3/95	05/03/91
100	10	CD	13.5	138.0	86.25	30/04/91	15.65	31.3,30.9	30/6/93	16/12/91
80	10	CD	15.0	475.0	50.00	30/04/91	24.00	31.3,30.9	30/6/91	01/03/91
48	5	CD	13.5	360.0	55.00	18/01/91	11.78	1.1,1.7	30/6/90	15/06/91
75	10	NCD	13.5	125.0	70.00	28/06/90	14.46	30.6,31.12	9/4/94	17/05/91
115	5	CD	13.5	828.0	80.00	12/01/89	19.41	30.4	30/6/91	30/04/90
100	10	NCD	15.0	240.0	85.00	23/05/91	17.65	30.6,31.12	30/6/93	15/06/91
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240	1	CD	12.0	192.0	270.00	01/02/90	10.67	31.3,30.9	30/6/89	14/03/91
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150	10	CD	12.5	3920.0	130.00	23/05/91	14.42	31.5,30.11	30/10/95	15/05/91
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300	1	NCD	15.0	300.0	150.00	29/05/90	30.00	28.2,31.8	1/3/91	14/06/91
150	2	CD	13.5	500.0	137.50	02/12/88	14.73	30.6,31.12	30/6/91	14/06/91
100	5	CD	15.0	615.0	85.00	13/05/91	17.65	1.10,1.4	12/6/95	16/03/91
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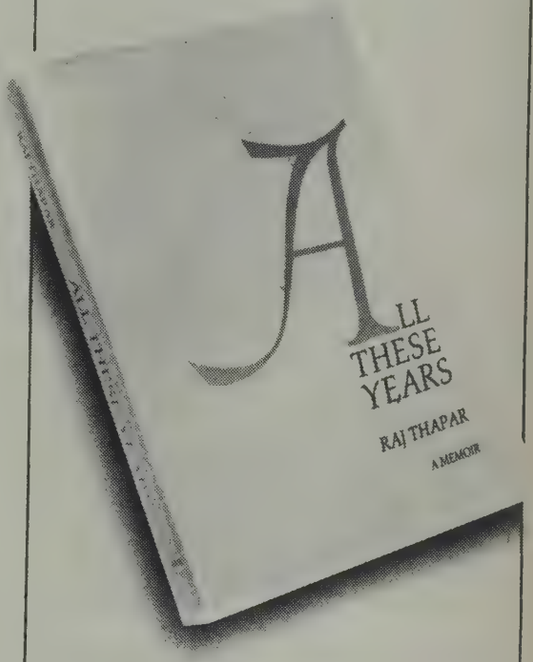
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Eight at the top

Political uncertainties saw the market rise first then go down. Despite the conflicting signals we have eight winners this time. They are R. Ramamoorthy, P. Ramakrishna Rao, Kamal Karamchandani, N. Mehta, S. Muragavel, R. Ramasamy, Vasant Kumar Ekbote and S.K. Rath.

Scrips	Prices as on Friday 19 April 1991 (Rs.)	Prices as on Monday 20 May 1991 (Rs.)	Ranks
Ballarpur Ind	305.00	300.00	4
Brooke Bond	140.00	139.00	3
ITC	165.00	157.50	5
Lipton India	96.00	101.00	1
Modi Rubber	62.50	65.00	2
Varun Shipping	26.25	25.00	6

Given here is a new list of six scrips, and their closing prices on 31 May 1991. Pick the share that you think w rise the most in percentage terms by 1 July 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 1 July 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the nex consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

Rules:

1. There is no entry fee.

2. The price mentioned last in the official quotation list will be taken as correct for the purposes of calculation. If the stock exchange remains closed on the stated last day, the closing price on the prior day will be used.

3. Entries must be on the printed form given below. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 27 June, 1991.

6. **Business India**'s decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residen India. No employee (or any direct rel of an employee) of the **Business I group of publications** is entitled to the contest.

8. The prize of Rs.5,000 will not be ca forward if there is no winner. In the that there is more than one winner prize will be shared equally.

Name of scrip	Prices as on Friday 31 May, 1991 (Rs.)	Rank as on Monday 1 July, 1991 (please fill in number)
Asian Cable	39.00	
Bhadrachalam Paper	162.50	
Britannia Industries	147.50	
Punjab Tractors	225.00	
Shree Cement	66.00	
Voltas	121.25	

Name: _____

Address: _____

Age: _____

Profession: _____

Date: _____

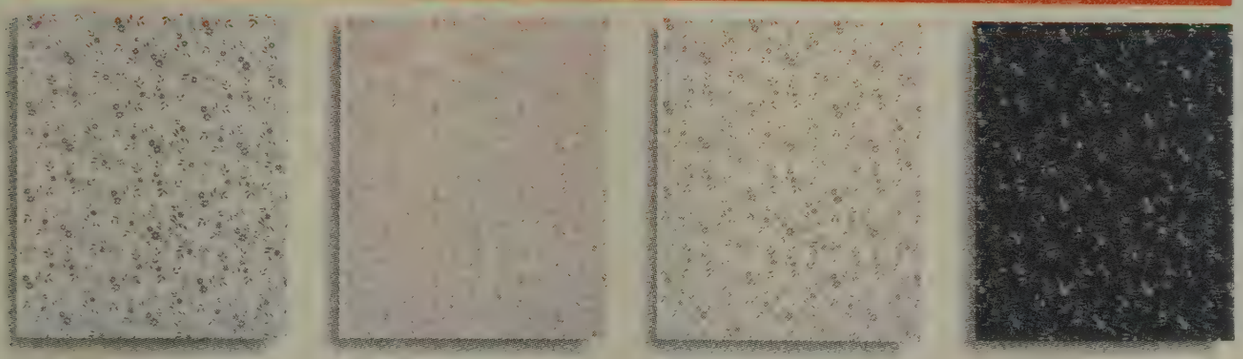
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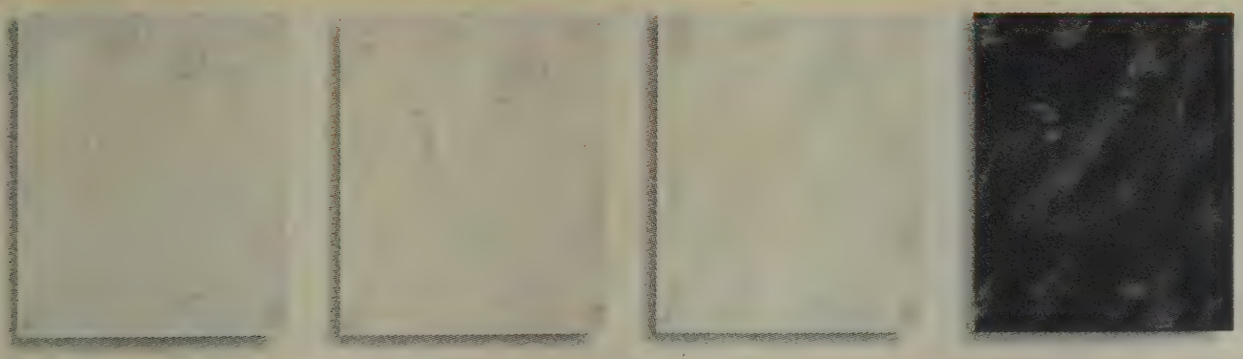
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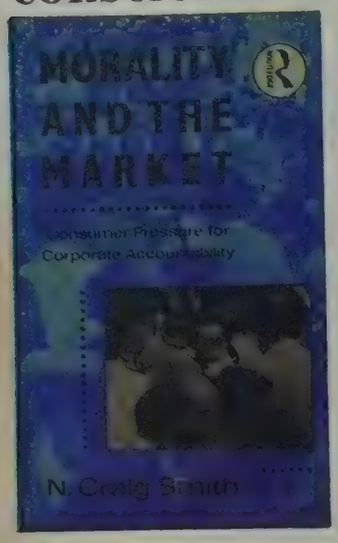
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Case for a consumerist conscience



MORALITY AND THE MARKET
By N. Craig Smith,
Routledge, 1990. pp 351, Rs.450

In the 'free market' of neoclassical economic theory, consumers make purchase decisions based solely on self-interest. They buy products that look better, work better and cost less, while refusing to buy those that do not meet their needs. Firms which are open to the 'message' consumers send out every time they shop — ie, those which are in tune with 'the market' — prosper, especially if they respond quickly. Other firms which ignore the message suffer.

This theoritical 'free market' does substantial work in the marketplace of free, liberal economies. But as experts have now begun to discover, this 'market' is merely a notional construct which explains only a part of the picture as it allows only for the interplay of economic forces. The 'marketplace', on the other hand, is a real place in the real world. Here things happen for more complicated reasons: self interest is not the only deciding factor.

Ethical stands

Professor N. Craig Smith debunks the concept of the consumer as merely a self-seeking, economic automaton. He starts by pointing out what economists have always chosen to ignore: people often buy products, or refuse to, for reasons that have little to do with the quality of the products themselves. Thus, some people refuse to buy South African wine for, in their minds, it is soured by apartheid. Others buy Israeli products to affirm their approval and regard for a country many Jews consider their homeland, even if they do not live there. By making these decisions, they take a moral stand. They exhibit what Smith labels, "ethical purchase behaviour".

Though this book examines ethical purchase behaviour in great detail, it is not, in any sense, an attack on the great market-driven society. Smith makes no attempt to replace the rationality of economic man with the morality of ethical man. Rather, he argues that economic man is both rational and ethical.

Essentially, the book's premise is this: yes, it is true that consumers exercise their sovereignty through their purchase decisions. But if by buying a product, or not buying it, they cast what economists have called "their dollar votes", it is also true that they take more than self interest into account before doing so. This book is thus a case for a consumerist conscience.

From this perspective, Smith explores three major questions. How can consumers use their sovereignty to exercise control over business firms? Can consumer sovereignty ensure the social responsibility of business? And, finally, how far does consumer sovereignty really extend?

Pressure groups

While answering the first question in the course of the book, Smith documents what consumers have actually done in an effort to get business firms to change their behaviour. He points out that consumers have effectively formed pressure groups that have had a significant effect on business firms. And the one tactic they have relied on greatly is the consumer boycott.

Boycotts, of course, are not exactly a new phenomenon. Gandhiji's boycotts of British salt and cloth, for example, were organised half a century ago. And the Boston Tea Party which heralded the American battle for independence is clearly an even earlier example. Smith looks at five more recent cases: the boycott of Barclays over its links with South Africa; of Tarmac and Man-VW over their involvement in Cruise missile contracts; of Douvwe Egberts over its processing of Angolan coffee; of Nestlé over its marketing of baby milk powder in the Third World; and of California grapes over farm worker unionisation.

All these five boycotts showed that not only can consumers determine the s responsibility of business but also force it. In fact, two of them demonstr that even powerful multinationals c forced to be accountable. Barclays, H an over 10 percentage point drop i posits, withdrew completely from S Africa. And Nestlé, threatened wi worldwide boycott of its other even r lucrative products, stopped its aggre marketing of milk powder in the T World. And of cousre, the most sa fact about these boycotts was that were non-violent.

Smith does not adequately treat cotts turned aggressive, where there

Smith explores three majo questions. How can consumers use their sovereignty to exercise control over business firms Can consumer sovereignty ensure the social responsibility of business And, how far does consume sovereignty really extend?

been, and continues to be, significant lence. A good example is the on going boycott in Europe and America. You fervent environmentalists prepare boo posters and films documenting the elty of furriers. They try, in many ways convince people that buying fur cloth is rather like committing a sin. But w some people do not listen, these zea turn violent. They attack women wear fur coats with more than words. They out knives with which they rend offending pieceof apparel.

Is this a legitimate form of consu protest? Does consumer sovereignty tend to some people enforcing what o people may eat or drink or wear? T question remains unanswered in book because it is not asked. Like m people who approve of direct consu action because it is in some sense 'ri Smith is strangely averse to a close ex ination of areas where it is wrong. T reticence mars an otherwise fine b that assesses both the theory and p tice of ethical purchase behaviour wi great deal of care and passion. ■

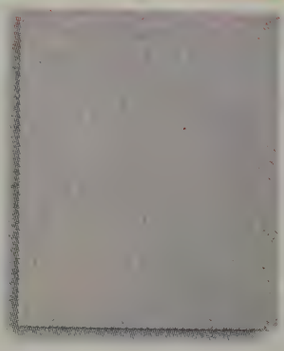
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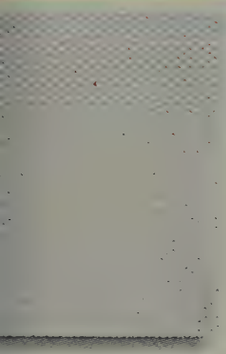
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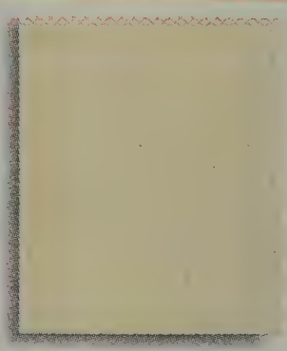

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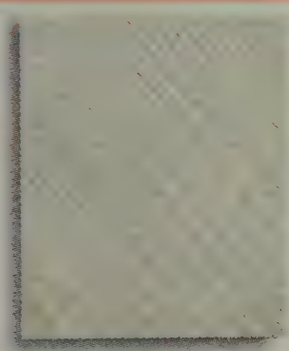

Flame Pink.

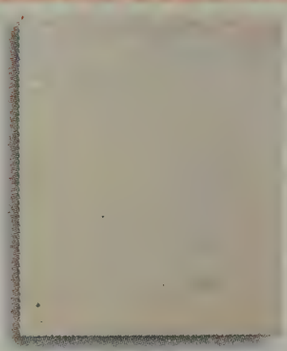

Flame Blue.


Flame Yellow.


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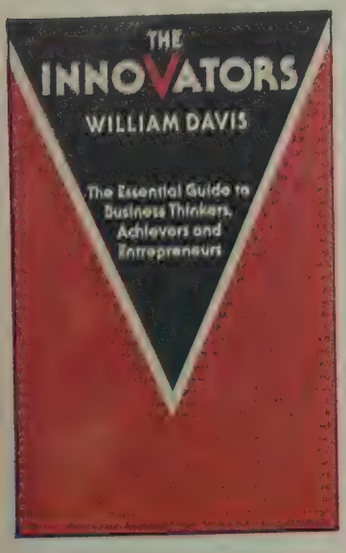
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Success stories



THE INNOVATORS
The Essential Guide to Business Thinkers, Achievers and Entrepreneurs
By William Davis
Ebury Press, London. Distributed by Book Channel, Bombay. pp.408, Rs.225

"Perhaps, at the outset, a distinction should be made between the two terms 'inventor' and 'innovator', because they are so widely confused," says the author in his introduction to this painstakingly compiled and wonderfully informative chronicle of the achievements of those "whose lives struck me as particularly fascinating, and whose thoughts and actions seemed to me to hold valuable lessons for the rest of us".

Independent entrepreneurs, he says, are mavericks with "something about them that sets them apart from the crowd" but with one common factor: a great enthusiasm for new challenges

But William Davis, former editor of *Punch*, originator of BBC TV's *Money Programme* and self-made millionaire, merrily mixes the two himself. Independent entrepreneurs, he says, are mavericks with "something about them that sets them apart from the crowd" but with one common factor: a great enthusiasm for new challenges.

Not all the people described in the book were successes themselves — Horatio Alger, 'creator of the American Dream', was personally a failure and died flat broke though his books gave people the confidence that, yes, they could make it; Billy Butlin, the man who organised family holidays for millions, seldom took his own children for one. But steel magnate Andrew Carnegie, who coined the phrase "Pioneering don't pay", was a living proof of the fact that it did.

Davis takes care to give detailed explanations of terms and activities like arbitrage (in the section on Ivan Boesky), speculative gains (in describing the financial manipulations of 'successful contrarian' Richard Dennis), and how advertising revenues are essential for a publication (Henry Luce, who founded *Time*, *Fortune* and *Life* magazines). But these details, while probably unnecessary for the 'business thinker', are often rather too much for the lay reader — as the treatise on monetarism in the chapter on Milton Friedman.

One basic fact the book highlights is that though there is often a common thread running through the lives of the diverse innovators it deals with, there is finally no real guideline. The story of Warren Avis, of 'we're number two, we try harder' fame, highlights the fact that the big idea is likely to arise from some big public need. But Masaru Ibuka built up electronics giant Sony on the philosophy of developing a product when there was no market, and then creating one.

Coco Chanel, the French designer who liberated women, believed that "a garment must be logical".

One feature that sets the book apart from many others of its genre is the fact that it is not just a chronicle of the lives of the rich, famous and intelligent. Davis, in his insights into what made his innovators what they are, makes his own statement too; like when he comments on the deleterious effects of opinion polls and discounts George Gallup's statement that he never voted "because I've always felt I shouldn't get involved in politics".

Not without faults

The book is not, unfortunately, without its faults. Davis seems to have a recurring problem about his subjects' ages,

Many of Davis' sentences, too, are surprisingly involved, considering his experience as a journalist and writer (of 12 earlier books). By the time you get to the full stop you may well have forgotten whom you were reading about.

■ SEKHAR SESHAN

Weatherman's tale



CHASING THE MONSOON
By Alexander Frater
Viking, 1990. Distributed by Penguin Rupa
pp.275; Rs.250

This book came out of a chance meet The author, Alexander Frater, had fered a serious injury while travelling rough roads from Pakistan to Kashga China through the newly opened rakoram highway. No real treatment available and Frater became depres about a loss of nervous control wh made him feel very clumsy.

Back in London, he had gone fo checkup at the National Hospital for N vous Diseases. There he met an Ind couple, the Baptistas, who both fa nated him and inspired him to w about the monsoon. She, with cinnan coloured skin, green eyes and with "an thentic upper crust" British voice, wo Spanish skirt and wide-brimmed hat was slightly dotty, but curiously eru on the subject of the monsoon. While t ing to them, Frater decided to follow monsoon on its journey from Trivandr to Cherrapunji.

Nothing new

For Frater, neither the study of weather nor Cherrapunji were new. father, who worked as a doctor on ar land in the south-west Pacific, had at time a passion for the weather — w with his need to travel from island island by boat while keeping an eyeout storms. Also, the elder Frater had a fri in Cherrapunji, once the wettest pla earth, who was as impassioned about weather.

Frater then, the journey from Tri-
ım in the south, up north to Delhi
ıen to Cherrapunji in the north-
as one of renewal. His description
the monsoons are generated is lu-
l his descriptions of their actual ar-
spectacular. And there is more to
ok yet. As a journalist, he writes
n acute eye for detail. Yet the very
iliarity of the Indian landscape
a freshness to his observations.
he same time, this isolation leads to
ptions of Indians who often resem-
aracters out of a novel by Evelyn
h. For the most part two dimensio-
hey appear to make attempts to
Peter Sellers' cruelly wicked per-
nce as an Indian in *The Guest*. But
so, Frater's encounters with India
ilarious and the book is un-put-

is description of how the onsoons are generated is id and his descriptions of their actual arrival, pectacular. And there is more to the book yet

able. Especially, when most of the
cters, including the Baptistas whom
encounter again in Goa, are real
ıe reader might just know some of

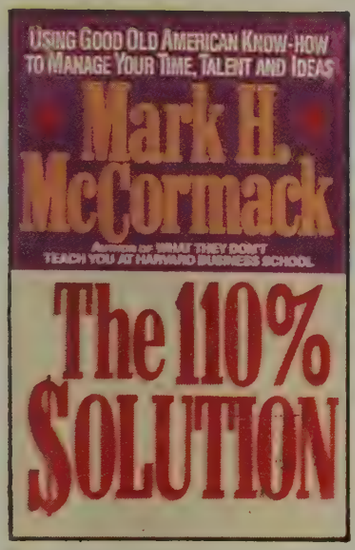
officiousness

was obviously enraged by the petty
usness that greeted his attempts to
Cherrapunji. Getting permission to
the tiny village in the state of
alaya, which had been declared —
ill is — a disturbed area, was a her-
task. He first applied at the Indian
Commission in London where he
success. After battling the bureau-
n Delhi, he gets permission and ac-
visits Cherrapunji. Subsequently,
eives a letter from the High Com-
n saying that his request has been
l down!

ter liberates language from its
ay mould and there are passages of
beauty. He writes with obvious af-
for the average man: the "coffee
queen" at the Taj in Bombay, a
of people he meets while waiting
ferry in Quilon, and many more
whom he writes with a wry wit.

EAPEN THOMAS

Surpassing mere excellence



The 110% SOLUTION
By Mark H.McCormack
Random House, 1991, distributed by IBD
Bombay, Rs.432

It would be easy to write this book off. It has the most improbable title and the blurb on the cover speaks in words close to Zen Koans, eg, "We feel best when we are at our best", "With total involvement comes exaltation", and so on. Having seen so many of those on the stands one is loathe to pick this up as being another example of American naivete. Another 'passion for excellence'. However, it would be a mistake if one allowed this thought process to prevail.

McCormack is better known as the author of a best seller, *What they don't teach you at Harvard Business School*, which stood at the top of the lists for a considerable time. McCormack's rise to fame is reflected in the subject matter of his books. An associate in a Cleveland law firm, his passion for golf introduced him to Arnold Palmer, then unknown but later to become one of golf's greats. This leads to narratives of other leading lights in the world of golf, tennis, music, fashionwear, equestrian sports and even some foundations, the most noted of which is the Noble Foundation.

Easy reading

The book makes for easy reading, being written in a style almost resembling a fireside chat. Important pieces of advice are put across lucidly. In ten chapters covering 203 pages, the author goes over such varied subjects as finding yourself and what you are good at, and then doing something about it. While his thoughts are not new, it is the manner of their saying that makes the difference. Each of the chapters has a number of sections with each section summarised into two lines for easy remembering. Finally, in almost every chapter, there is an account of how his rich and famous clients manage their 110% solution. Thus "life is a school and finding one's talents is a life long process" or "feedback is learning about yourself, it always points you in the right direction" are good examples.

In the chapter entitled "How to make a career" and on page 99, there is some good advice for young executives whose careers could well flounder due to their relationships with their bosses, because of the latter's overwhelming need to know. The counsel is: "Bombard the bosses with bulletins ... No one has ever lost his job for telling the boss too much. Also if you do it right you will get ahead — and make your boss's day."

An interesting feature that runs throughout the book is the unique way in which McCormack taps ordinary human processes for effective solutions to seemingly big problems. It is this very special ability to sift through all the surface action and hold up for view that very essential human want, motivation or even fear that human beings experience evokes from us that sharp intake of breath or that rueful smile that says "So that's what it is." It is very reassuring that high achievers whose names we read in the papers like Martina Navratilova, Chris Evert, Jack Nicklaus, have also been in similar straits and have worked their way out of them.

■

A.D. JOSHI

An interesting feature that runs throughout the book is the unique way in which McCormack taps ordinary human processes for effective solutions to seemingly big problems

The reviewer is vice-president, personnel and corporate planning, at Cadbury India Ltd.

Senior executive positions

A compilation of executive jobs advertised in **Business India** other major publications between 20 May to 2 June 1991.

THE FOUR BEST JOBS

- SENIOR VICE-PRESIDENT (Corporate Affairs) * New Delhi * *Sal* NS * *Age/Qlfn* 40-45 years * NS * *Reqd* Experience in interacting with top government officials of various policy making bodies. Also experience in providing support and guidance on matters of policy. * *Cont* Dr. R. L. Choudhury (Director & Group Vice-President), Usha Rectifier Company (I) Ltd, 3 Cama Place, New Delhi 110066 (BI-9.6)
- HEAD OF ALL INDIA SALES * Delhi * *Sal* Not a limiting factor * *Age/Qlfn* NS * Graduate in science/pharmacy * *Reqd* 15-20 years selling experience including 5 years at all-India level * *Cont* Vice-President (Personnel), Max India Ltd, Devika Tower, 6 Nehru Place, New Delhi 110019 (ToI-20.5)
- EXECUTIVE DIRECTOR (Paper Division) * Delhi * *Sal* Exc lent * *Age/Qlfn* 40-45 years * Excellent academic backgrou * *Reqd* Proven managerial skills. Strong business acumen a an impressive track record * *Cont* Omam Consultants Pvt L 14-A, Basant Lok, Vasant Vihar, New Delhi 110057 (H-22.
- CHIEF EXECUTIVE OFFICER * Western India * *Sal* Rs.5 la and above – house – car * *Age/Qlfn* 40 years * NS * *Reqd* Exp rience at senior manager level, 7 years as head of an organis tion * *Cont* Managing Director, P.B. No.6540, Cumballa H Bombay 400026 (ToI-20.5)

NATIONAL

- HEAD (HRD) * NS * *Sal* NS * *Age/Qlfn* * Professional qualification in personnel management * *Reqd* 10 years experience in HRD * *Cont* Pratibha Sheth, Executive Director, Shilputsi Consultants, P.O. Box 9386, Bombay 400026 (ToI-20.5)
- GENERAL MANAGERS * Hyderabad, Bangalore, Calcutta & Pune * *Sal* * *Age/Qlfn* 35-45 years * Medical professionals preferably with a management degree * *Reqd* 10-15 years experience, of which at least 5 should be in a senior position * *Cont* The Executive Director, Standard Medical & Pharmaceuticals Ltd, 6-3-652, Kartilya, Somajiguda, Hyderabad 500482 (H-25.5)
- GENERAL MANAGERS * Gujarat, Maharashtra, MP etc * *Sal* Comparable to the best * *Age/Qlfn* 37-45 years * Preferably PG with degree in law * *Reqd* Currently occupying similar senior position with proven record of handling personnel functions and labour * *Cont* The President, P.O. Box 1828, GPO, Bombay 400001 (ToI-27.5)
- CHIEF MANAGER (Telecom Group) * Bombay/Delhi * *Sal* Extremely attractive * *Age/Qlfn* NS * M.Tech in electronics/communication * *Reqd* 6-8 years of experience including 2 or 3 in managerial capacity * *Cont* The Modernisation Director, Bennett, Coleman & Co Ltd, The ToI Building, D.N. Road, Bombay 400001 (ToI-29.5)

WEST

- CORPORATE PLANNING CHIEF * Bombay/Atul * *Sal* NS * *Age/Qlfn* NS * Excellent academic qualifications * *Reqd* 10 years at senior position in petrochemical/plastic industry * *Cont* The Managing Director, Cibatul Ltd, P.O. Atul, 396020, District Valsad, Gujarat (ToI-27.5)
- GENERAL MANAGER (Marketing) * Bombay * *Sal* Excellent * *Age/Qlfn* 35-45 years * Preferably management graduates * *Reqd* Minimum 12 years experience including 5 years at all-India level * *Cont* B.R. Grover, Director (Personnel), Dalmia (Bros) Pvt Ltd, Indraprakash Building, 2nd Floor, 21 Barakhamba Road, New Delhi 110001 (ToI-20.5)
- SENIOR VICE-PRESIDENT (Technical) * Bombay * *Sal* Excellent * *Age/Qlfn* 40 years * Construction engineering and business administration * *Reqd* 10 years in departmental construction of mega projects * *Cont* Growth Techno Projects Ltd, 7 Doctors Lane, Gore Market, New Delhi 110001 (ToI-27.5)
- GENERAL MANAGER * Aurangabad * *Sal* Rs.2 lakh+ * *Age/Qlfn* NS * Chemical engineers * *Reqd* 15 years experience in handling drugs/chemicals * *Cont* The Deputy General Manager (HRD), Concept Pharmaceuticals Ltd, 167 CST Road, Kalina, Bom 400098 (29.5)

SOUTH

- GENERAL MANAGER (Marketing) * Hyderabad * *Sal* Very tractive * *Age/Qlfn* 35-40 years * NS * *Reqd* 8-10 years experie in both domestic and export markets * *Cont* The Executive Di tor, Standard Medical & Pharmaceuticals Ltd, 6-3-652, 'Kautil Somajiguda, Hyderabad 50082 (BI-9.6)
- GENERAL MANAGER * near Coimbatore * *Sal* Attractive – pe * *Age/Qlfn* 45 years * Chemical engineer * *Reqd* 20-25 years ex rience, including 7-10 years in senior/similar position * C MAG01, The General Manager (HRD/Personnel), South India cose Ltd, 1977-A, Trichy Road, Singanallur, Coimbatore 641 (ToI-20.5)
- CHIEF MANUFACTURING MANAGER * Cochin * *Sal* Best in dustry * *Age/Qlfn* 35-45 years * Mechanical engineer, prefera MBA * *Reqd* 5 years experience at senior manager level * C Post Box No.7109, Bangalore 560071 (ToI-20.5)
- GENERAL MANAGER (Marketing) * Coimbatore * *Sal* Arou Rs.2.5 lakh p.a. * *Age/Qlfn* * PG in management * *Reqd* 15 ye experience * *Cont* MS 4403, A.F. Ferguson Associates, No.1261, Madras 600034 (H-21.5)

EAST

- FINANCIAL CONTROLLER * Eastern India * *Sal* * *Age/Qlfn* years * CA or Engineer-MBAs, with specialisation in financ *Reqd* NS * *Cont* ES:6707, S.B. Billimoria & Co, P.B. No 4325, Delhi 110019 (H-23.5)

OVERSEAS

- GENERAL MANAGER (Marketing) * Far East * *Sal* Flexib *Age/Qlfn* NS * Graduate, preferably PG in management * *Reqd* years senior management experience * *Cont* The Personnel Di tor, Jumbo Electronics Company, P.O. Box 3426, Dubai, (ToI-2.6)
- GENERAL WORKS MANAGER (Plastics & Cartons) * Camero *Sal* Good terms * *Age/Qlfn* 35-45 years * Graduate enginee *Reqd* 10-15 years production/maintenance experience in a puted paper/packaging/plastics units * *Cont* CMP/F-4 Datamatics Staffing Services, P.B. 106, GPO, Bombay 40 (H-23.5)

ecutive positions

ONAL

MERCIAL MANAGER * Bombay * *Sal* Rs.1 lakh pa * *Age/Qlfn*) years * Commerce graduate * *Reqd* 5-6 years experience in ilar capacity, working knowledge of law preferable * *Cont* nisation & Personnel Section, Usha International Ltd, Box New Delhi 110001 (ToI-20.5)

IONAL SALES MANAGER * Bombay * *Sal* Excellent * *Age/* NS * Graduate, preferably in engineering with specialisation arketing * *Reqd* 10 years experience in field sales and branch ations * *Cont* RSM/BOM/1188, ABC Consultants Pvt Ltd, 303 assy Centre, Nariman Point, Bombay 400021 (ToI-20.5)

IOR MANAGER (Logistics) * Aurangabad * *Sal* Commensu- with qualifications plus perks * *Age/Qlfn* 40 years * Graduate erably with PG in business management * *Reqd* 10-15 years erience in logistics * *Cont* Patel Institute of Transport Man- nent & Research, 49 AB, Mohammed Ali Road, Noor Hospital ding, Bombay 400003 (ToI-20.5)

CESSING MANAGER (Cotton Textiles) * Bombay * *Sal* Rs.1 pa – perks * *Age/Qlfn* Around 45 years * Processing technolo- * *Reqd* 15 years experience including 5 as departmental head rge mill * *Cont* PM/A-2086, Datamatics Staffing Services, P.B. 06, GPO, Bombay 400001 (ToI-20.5)

IPANY SECRETARY-CUM-ACCOUNTANT * NS * *Sal* Suitable e/*Qlfn* 27-35 years * Qualified company secretary, preferably MBA (Finance) * *Reqd* 4-5 years relevant experience * *Cont* ction Service, Champaklal Investment & Financial Consul- y Ltd, 2nd Floor, Regent Chambers, Nariman Point, Bombay 021 (ToI-21.5)

IUFACTURING MANAGERS * NS * *Sal* NS * *Age/Qlfn* 35-45 s * BE (Mech) postgraduate in industrial engineering prefer- *Reqd* 9-12 years experience including 2-3 years in shifts in s production/light engineering industry * *Cont* General Man- Corporate Personnel, SKF Bearings India Ltd, Chinchwad, 411033 (ToI-22.5)

JECT MANAGER (Agriculture) * South India * *Sal* Negotia- *Age/Qlfn* 30-40 years * Marine biologist/Zoologist/Engineer specialisation in agriculture * *Reqd* 10 years experience in ed areas * *Cont* A.F. Ferguson Associates, Hansalaya, Bar- mba Road, New Delhi 110001 (ToI-27.05)

KETING MANAGERS * Pune/Bombay * *Sal* Attractive * *Age/* NS * Engineers with MBA or MCA * *Reqd* 6-8 years experi- in UNIX, database, hardware and benchmarking * *Cont* Se- Manager (Personnel & HRD), ICIM, Nagar Road, Pune 14 (ToI-22.5)

INEERING MANAGER * Madras * *Sal* Attractive * *Age/Qlfn* ears * Mechanical engineer with specialisation in machine gn * *Reqd* 8/10 years experience in large engineering organ- on * *Cont* Vice-President (HRD), Britannia Industries Ltd, nnia Gardens, Airport Road, Vimanapura, Bangalore 17 (ToI-27.5)

NTRY MANAGER * New Delhi * *Sal* Attractive * *Age/Qlfn* NS * anical/aerospace engineering background * *Reqd* 8 years ant marketing experience * *Cont* MS/4998, A.F. Ferguson ciates, Hansalaya, Barakhamba Road, New Delhi 110001 -27.5)

AGER (Quality Control) * Hosur, near Bangalore * *Sal* No traint * *Age/Qlfn* * NS * Mechancial/Auto/Metallurgical engi- ng preferably with additional qualification in SQC * *Reqd* sure to machine shop operation, familiarity with heat treat- processes * *Cont* C-169, Manager-Employment, Ashok Ley- Ltd, 19 Rajaji Salai, Madras 600001 (ToI-27.5)

- PROJECT MANAGERS * Bombay & Aurangabad * *Sal* Rs.1.25 lakh – pa * *Age/Qlfn* NS * Chemical/mechanical engineer * *Reqd* At least 8-10 years experience * *Cont* Deputy General Manager (HRD), Concept Pharmaceuticals Ltd, 167 CST Road, Kalina, Bombay 400098 (ToI-29.5)
- QUALITY ASSURANCE MANAGER * Khopoli * *Sal* Not a limiting factor * *Age/Qlfn* 35 years * BE (Mech) * *Reqd* 10 years experience in QA/QC function * *Cont* Manager-Personnel, Wartsila Diesel India Ltd, New India Centre, 11th Floor, 17 Cooperage Road, Bombay 400039 (ToI-31.5)
- PRODUCT MANAGERS * New Delhi * *Sal* NS * *Age/Qlfn* NS * MBA * *Reqd* 5 years experience with a consumer products and/or financial services company, in product management role * *Cont* 'Product Manager', The Country Personal Office,Bank of Amrica, P.O.Box 735, New Delhi 110001 (ToI-31.5).

OVERSEAS

- MARKETING MANAGER * Nigeria * *Sal* Attractive * *Age/Qlfn* 30-40 years * Graduate * *Reqd* 7-10 years experience in printing/packaging * *Cont* NKM/F 4240, Datamatics Staffing Services, P.O. Box 106, GPO, Bombay 400001 (ToI-2.6)
- FINANCE MANAGER * Bahrain * *Sal* Attractive * *Age/Qlfn* 30-36 years * CAs * *Reqd* Proven track record * *Cont* MS/2150, S.B. Billimoria & Co, Meher Chambers, Nicol Road, Ballard Estate, Bombay 400038 (ToI-2.6)
- SERVICE MANAGER * UAE * *Sal* Rs.22,000-27,000 p.m. * *Age/Qlfn* NS * Engineer, preferably electronics * *Reqd* 10 years experience in after-sales service * *Cont* VP-293, Beam Services Pvt Ltd, 1, Colaba Chambers, 117 Wodehouse Road, Colaba, Bombay 400005 (ToI-2.6)
- CHIEF ACCOUNTANT * Bahrain * *Sal* Rs.30,000 – pm plus perks * *Age/Qlfn* NS * CAs * *Reqd* 5 years experience in a senior position in finance and accounts * *Cont* Sharp and Tannan Associates, 87 Nariman Bhavan, Nariman Point, Bombay 400021 (ToI-26.5)
- FINANCE CUM ADMINISTRATION MANAGER * Doha, Qatar * *Sal* QR 6,000 pm plus perks * *Age/Qlfn* 35 years * CA * *Reqd* 9-10 years experience with reputed companies * *Cont* A.F. Ferguson and Co, P.O Box 1786, Bombay 400001 (ToI-26.5)



Our client is a reputed Group of Companies associated with Manufacturing, Trading and Marketing Services, and having a turnover of above Rs. 350 crores.

CHIEF EXECUTIVE OFFICER (CEO)

Rs. 5.00 lakhs and above

+ +

We have been retained as Management Consultants to recruit a highly experienced, mature person to take charge of one of the companies engaged in the manufacturing of speciality products and other manufacturing activities in Western India. The present turnover of the Company is Rs. 50 crores, with potential to grow beyond Rs. 100 crores within two years. The person to be appointed is the

Age: 40 years.

Location: At the plant site which is in the interior of Western India – with the necessary social infrastructure and facilities of more than a small town. It is 2 hours away from a bigger city which has an airport, railhead, hospitals, etc.

Reporting to: Directors.

Experience: 5-7 years as the head of an organisation, with similar responsibilities.

THE JOB To be completely responsible for all the activities of the Company which include Plant Management at the Works, Marketing, Exports, New Projects, Finance, HRD, Materials, etc. etc. New Expansions plus other basic growth areas.

- To ensure achievement of the targeted bottom-line in order to account for profitability in all spheres.
- To function like an entrepreneur, with a high degree of responsibility towards shareholders/investors, as the Company's Management firmly believes in regularly declaring dividends to investors/shareholders, year after year.

THE MAN He shall have ample Senior Manager-level experience in a post such as General Manager or President or Vice-President, or similar superior positions, in a highly reputed company with excellent overall exposure to all aspects of general management at Plant/Works level, as a cost-cum-profit centre, with expertise/definite exposure to Labour Management.

- The right candidate will be of technical bent of mind and high productivity oriented-cum-sound financial analyst with shrewd marketing acumen, supported by modern management knowledge/ techniques and must have worked in a computer-oriented environment. Above all, he will necessarily be a systems-oriented person.
- He must be constantly open to the learning process and a leader of men, while being an effective team – builder and moving spirit.
- This then is the man: Being at the helm, he is a professional executive to the core, with the rare ability to transform the vision of the Board of Directors into REALITY. In other words, he is totally attuned with the definite conviction to achieve the Company's objectives without deviating from laid-down systems, founded on "sacrosanct" principles.

If you think that you can fulfil most of the above requirements, plus have the ability to handle three critical jobs as well: Evolve the corporate strategy; get the employees aligned behind it and develop a successor; and thus convert the potential growth possibility within our client's organisation in realistic terms, within the stated span of time, then we definitely need you.

Please send us your complete resume and a recent photograph in strict confidence within 15 days to:

Managing Director
Post Box No. 6540
Cumballa Hill
Bombay-400 026
Phone: 0215-660660

THUMBPRINT 69791

CHIEF EXECUTIVE

COMPUTERS

West Africa **Savings USD: 40,000 per annum +**

THE COMPANY:
One of the leading professionally managed conglomerates is looking for outstanding professional to head its Advanced Technology Division which represents major manufacturers of Computer Hardware, Peripherals and Software mainly from the U.S.A. and Europe.

THE JOB:
The appointee will head the Division and be responsible for its overall profitability and growth. Providing impetus and direction to the Division which is in the critical growth phase and planning for the great leap forward will be the key result areas. He will be supported by a competent professional team.

THE MAN:
We are looking for an outstanding 'Solution Marketing' professional with a proven track record of around 15 years in the computer industry. He should have independently managed a Division or headed sizeable marketing operations. Engineering background and business school qualifications are highly desirable. Preferred age group: 35—40 years.

THE REWARD:
The Company offers a very generous compensation package with assured savings of over USD: 40,000 per annum.

Write in confidence quoting Ref. No. CKM/F-4220 and mentioning contact telephone number.

DATAMATICS STAFFING SERVICES
Post Box No. 106 G.P.O. Bombay-400 001.

Diason

A multiproduct-manufacturing, public limited company, having a plant situated in Western India, needs a

GENERAL MANAGER

(COMMERCIAL)

(Rs. 3.00 lakhs and above + +)

The Company is part of a group with a turnover of more than Rs. 350 crores. The Company's turnover alone is approximately Rs. 50 crores, with a strong potential to rise to Rs. 100 crores within a year or so. The Company employs a team of professionals. It believes in scientifically laid-down systems rather than a personalized style of management.



Age: 45 years.

Qualifications: CA/Cost Accounting/MBA (Finance).

Location: Interior Western India.

Reporting to: CEO.

Experience: 10 years' relevant.

GENERAL MANAGER (Commercial)

Finance Dept. | Budget Dept. | PARTA* Dept. | Legal Dept. | Warehouse Mgmt. | Excise, Taxation | Accounts Dept. | General Admin. | Materials Dept. | Inventory Control | Costing Dept.

** PARTA is the unique Daily Report System originated in Marwari Companies which has been highly professionalized and systematized in this company.*

THE JOB

• To oversee and control effectively all the various Departments of the Company as indicated in the above chart.

THE MAN

• At this level the incumbent is naturally expected to be a thorough professional – highly motivated, deeply dedicated and totally committed to his job. • He should also think like an entrepreneur with a razor-sharp mind for business profitability. • Last but not least, the person must especially have been exposed to areas like materials management – purchase, stores, inventory control, warehousing, general administration of a plant, etc.

The placement location has schools, colleges, clubs, hospitals and other basic facilities conducive to harmonious living.

INTERESTED ?

Please send your curriculum vitae in full confidence, along with worknote and recent passport-size photograph, mentioning on the application and envelope. "Ref. GENERAL MANAGER (Commercial)", to:

*Managing Director, Post Box No. **6540**, Cumballa Hill, Bombay-400 026. Phone: 0215-660660*

THUMBPRINT 69691

Why a successful company with proven professionals still needs more



Growth is an integral part of successful companies creating new challenges for high calibre professionals. Deepak Nitrite selects and nurtures the best of talents and provides a conducive environment to meet these challenges. It is ultimately this commitment for its people that distinguishes a great company from a good company.

Deepak Nitrite has formed a new division Nitro Aromatics which is currently in an advanced stage of setting up a Nitro Aromatics plant at Nandesari about 20 kms. from Baroda. This is a Rs. 50 crore project with state-of-the-art technology provided by Mario Biazzi SA, Switzerland for manufacturing Nitro Chlorobenzenes, Nitro Toluenes, Nitrated Esters, etc.

GENERAL MANAGER (OPERATIONS)

(Nandesari)

(Attractive Salary & Perks + Housing & Car.)

General Manager — Operations, will be responsible for managing overall plant operations consisting of production, technical and engineering services, commercial and administration functions.

Candidate should have a Degree preferably in Chemical Engineering/Technology and 15 years' experience in production/plant management in the chemical process industry. A Business Management qualification would be an added advantage. He should have the ability to run the plant as a profit centre.

This is a challenging position which requires a professional of the highest calibre. The remuneration package will be attractive and commensurate with qualifications and experience.

Please apply within 10 days with a detailed resume, present and expected remuneration to:
The Chief, Organisation Development & Co-ordination,
Yamunakunj, 53, Kunj Society, Alkapuri, Baroda-390 005.

Nitro Aromatics

A division of

Deepak Nitrite Limited

A determined drive for excellence

FOOD FOR THOUGHT FOR TOP MANAGEMENT

Think of an even brighter future... think of joining up with a young dynamic engineering company producing food processing machinery... with European collaboration... at Indore. Our activities embrace a full range of food processing machinery, with the emphasis, at present, on frozen food related equipments. We also have an all-India set-up of branch offices, and we are marketing equipments and projects in India and abroad.

We offer excellent prospects for dynamic General Managers, who will help us achieve our ambitious goals. The positions are all based at our Head Office, at Indore.

GENERAL MANAGER (FINANCE) & COMPANY SECRETARY

A senior person having good experience in the field of finance, accounts and commercial operations. A candidate who has worked as a Company Secretary will be preferred. Chartered Accountants will also be given preference. Alternately, a Company Secretary with relevant exposure can be considered.

GENERAL MANAGER (MARKETING)

The incumbent will lead a team of Marketing Managers. An Engineering Graduate and/or M.B.A. will be preferred. We are seeking a person with innovativeness, flexibility in thinking and the ability to accept total responsibility for the function. Atleast ten years experience as a leader of a team marketing industrial products, required. Project marketing experience and exposure to markets abroad, preferred.

GENERAL MANAGER (TECHNICAL)

The incumbent will be required to take full responsibility for all technical functions including R & D, Production, Design, Contract Manufacture and After-Sales-Service. Excellence of international standards is expected to be maintained, or improved upon, by the incumbent. The candidate should be a graduate in Mechanical Engineering from a good University, with manufacturing and design experience in the refrigeration and/or stainless steel fabrication industries.

These are top management positions, reporting to the Directors. The posts essentially call for excellence as a team-leader. Every General Manager should be able to guide, motivate and mould talented individuals under him to give of their best and work together as an outstanding team. Candidates should have a minimum of 10 years relevant experience in a senior position. Age around 45 years, preferred.

Handsome remuneration and bright prospects for those selected. Persons drawing less than Rs.1 lakh gross annually, need not apply.

Kindly apply with complete bio-data and recent photograph to:

The Chairman
Winner Teknology P. Ltd.
Shreesh Chambers, 3rd Floor,
25/1, Y.N. Road, INDORE - 452 003.

Indian Petrochemicals Corporation Limited

(A Government of India Undertaking)

Advt. No. HRD/R/91/08

REQUIRES

SENIOR EXECUTIVES FOR HUMAN RESOURCES MANAGEMENT

Indian Petrochemicals Corporation Limited (IPCL) is a leading entity in corporate circles in India. IPCL's business portfolio comprises petrochemicals (plastics, synthetic rubber, synthetic fibre and fibre intermediates, solvents, surfactant chemicals, industrial chemicals, synthetic resins), engineering plastics, catalysts, adsorbents and wire and cable compounds.

IPCL is set to grow from its turnover of over Rs. 1313 crores in 1990-91 to approximately Rs. 3000 crores by 1995-96 and on gross assets from Rs. 2348 crores to approximately Rs. 5000 crores. This asset base will be comprised largely of its existing naphtha based petrochemical complex at Vadodara (Gujarat), a Rs. 1390 crores gas based petrochemical complex at Nagothane (Maharashtra) which will be operational this year and a new Rs. 2915 crores gas based petrochemical complex at Gandhar (Gujarat).

To provide dynamic leadership to its Personnel and Administration functions, the Corporation is looking for professionals in the field of Human Resources Management.

GENERAL MANAGER
(PERSONNEL & ADMINISTRATION)

The incumbents will have total responsibility for all aspects of Human Resources Management at their respective places of posting, including formulation of strategies, evaluation and updating of personnel policies and procedures, manpower planning, employee and community relation, salary and wage administration, industrial relations, employee welfare, administration of services like housing in township, canteen, transport and security, personnel selection & recruitment, training and development of personnel including performance and potential assessment. The professionals we are looking for will play a key role as a planner, motivator, problem solver, negotiator and administrator.

The job involves establishment and maintenance of excellent labour relations, rapport with associations / unions of employees, management team and statutory authorities with a view to achieve high standards of organisational performance.

The applicants must possess a Post Graduate qualification in Personnel Management / Social Work / Labour Welfare from a recognised institute / university. Additionally, a degree in law would be desirable. They should have around 20 years of relevant executive experience in personnel management, out of which at least 5 years should be at a senior level as a head of personnel function in a comparable large scale industry. The applicants should not be older than 50 years in age.

SENIOR MANAGER
(INDUSTRIAL RELATIONS)

The Corporation also requires a professional in Human Relations as Senior Manager (Industrial Relations) for Maharashtra Gas Cracker Complex to assist the General Manager (Personnel & Administration). The incumbent shall be called upon to demonstrate exemplary skills as anticipator of group behaviour, counsellor, negotiator and motivator. Abilities to formulate IR strategies, maintaining rapport with various employee groups, management team and statutory authorities are essential pre-requisites. Thorough knowledge of labour laws and practices and knowledge of Marathi are essential.

The applicants must possess a Post Graduate qualification in Personnel Management / Social Work / Labour Welfare and a degree in law from a recognised institute / university with around 17 years of executive experience in management of Human Relations of which minimum 4 years should be at responsible managerial position in industrial relations function, in a comparable large scale industry. The applicants should be around 45 years of age.

GENERAL : Candidates selected for the posts of General Manager (P&A) and Senior Manager (IR) will be placed at the appropriate stage in the scale of pay of Rs. 3500-100-4000 (total minimum emoluments including Basic Pay, Industrial Dearness Allowance & Ad-hoc relief will be Rs. 6523/- p.m.) & Rs. 2600-100-3600 (total minimum emoluments including Basic Pay, Industrial Dearness Allowance & Ad-hoc relief will be Rs. 5248/- p.m.) respectively. The scales are under upward revision. Besides, incumbents will be eligible for reimbursement of local travel expenses, house rent allowance (where company accomodation is not provided) and other perquisites including medical assistance, leave travel concession, insurance coverage, provident fund, gratuity etc. according to applicable rules.

RELAXATION : For SC/ST candidates requirements in experience and age may be relaxed by 2 years and 5 years respectively. SC/ST candidates should furnish a copy of certificate from the competent authority along with the application. **Requirements may also be relaxed in case of exceptionally suitable candidates.**

Candidates called for personal interview will be reimbursed rail fare (air conditioned first class) or air fare by the shortest route.

Candidates meeting with the requirements may send their applications with detailed bio-data, passport size photograph and copies of credentials, in confidence to the General Manager (Corporate Personnel), Corporate Office, Indian Petrochemicals Corporation Limited, P.O. Petrochemicals Township, Vadodara-391 345 within 15 days.

Those working in Central / State / Semi-Govt. / Public Sector organisations should route their applications through proper channel.

ONLY INDIAN NATIONALS NEED APPLY

TV ADS

SENIOR MANAGER—ACCOUNTS

Bombay

Excellent Compensation Package

Our client, a reputed multinational company with a turnover of around Rs. 50 crores and an established product line consisting of bulk drugs and formulations wishes to recruit a Senior Manager – Accounts, to be based at their Head Office at Bombay.

The incumbent would be responsible for financial accounting including preparation of monthly accounts, maintenance/ improvement of financial systems, etc. He would supervise a team of Chartered and Cost Accountants. Exposure in a computerised environment is a pre-requisite for the job.

Candidates should be qualified Chartered Accountants, preferably with additional Cost Accounting/Management Accounting qualification with around 8-10 years relevant experience of which at least 3 years experience should be in a senior position. Experience in reputed multinational companies would be a distinct advantage.

The compensation package for this position is excellent (but would not include housing) and would not be a constraining factor for the right candidate.

Please apply in strict confidence within 10 days to:

A.F. Ferguson Associates
Post Box 1786
Bombay 400 001

giving full details of age, qualifications, experience and salaries drawn. All applications should be marked "Ref. MS/5693"



न्यूक्लियर पावर कारपोरेशन
(भारत सरकार का उद्यम)

NUCLEAR POWER CORPORATION

(A Govt. of India Enterprise)

REQUIRES

FOLLOWING PERSONNEL

Name of posts	Number of posts
1. Sr. Manager (P&IR)	2
2. Sr. Manager (F & A)	2

le of Pay : Rs. 3700-125-4700-150-5000

ce of work : Any where in India and the job is transferrable.

alifications :

Post 1 : MBA (with specialisation in Personnel Management & Industrial Relations) from IIMs XLRI or MA (Personnel Management & Industrial Relations) from TISS or MA (Social Work) with cialisation in Personnel Management & Industrial Relations with 60% marks in the PG Degree.

Post 2 : MBA (with specialisation in Finance) from IIMs, XLRI etc., or Associate Membership Institute of chartered Accountants or Cost & Works Accountants.

perience :

Post 1 : 10 Years Post Qualification Experience in all areas of Personnel Management and ustrial Relations. In addition, wide exposure on HRD systems and participation in organisation velopment processes will be an added advantage.

Post 2 : 10 Years post qualification experience in large public sector undertaking in the field financial management. Exposure to computerised financial systems would be a distinct advantage.

e : Not more than 40 years as on 1.6.91. Relaxation for SC/ST candidates as per rules.

ner benefits : DA, HRA or leased accomodation, CCA, medical assistance for self and family, LTC as per company rules.

ease apply giving following details :

Post applied for (2) Name in BLOCK Letters (3) Date of Birth (4) Sex (5) Nationality (6) Category C/ST, Ex-servicemen or General) (7) Address in BLOCK Letters for corespondence (8) Educational alifications : (Examination passed, year of passing, subject of specialisation, percentage of marks aggregate) (9) Experience including defence service on a separate sheet in full details (10) Attested ies in proof of age, education & caste (in case of SC/ST) should be enclosed.

ndidate employed in government, autonomous or public sector organisations must enclose an C from the employer.

ease apply within 15 days from the date of publication of this advertisement to : The nager (HRD), Nuclear Power Corporation, Centre-1, 16th Floor, World Trade Centre, Cuffe rade, Bombay 400 005., superscribing the envelope with the name of the post.

Canco/NPC/340/91/C

NPC... fuelling a powerful future.

MOTOROLA

BUSINESS MANAGER

Motorola is a leading U.S. Multinational Corporation engaged in the manufacture of Communication Systems, Equipments and Electronic Components.

Our International Cellular Infrastructure Division now requires an experienced techno-commercial professional with sound understanding and exposure to marketing of Communication Systems, to lead the division's business development activities in India.

The ideal candidate will be a qualified electronics engineer with 10 to 12 years' similar or related experience in India or abroad. Experience in Cellular Systems would be an added advantage.

The selected incumbent will have to undertake extensive travel within and out of India. The compensation package will commensurate with qualifications and experience and would be at par with world class organisations.

Please apply in strict confidence to :

Director of Personnel
MOTOROLA SINGAPORE PTE. LTD.
822 Meridien Commercial Towers
Windsor Place
New Delhi - 110 001

INDIA
TOGETHER WE'LL MAKE TECHNOLOGY WORK
MOTOROLA

Aplab

Aplab Group had yet another successful year with sales exceeding Rs.25 crores. A company that is synonymous with the state-of-art indigenous technology and R&D in Test & Measuring Instruments and Power Systems. Little wonder that Aplab products have found acceptability in UK, France, Germany, Italy, Australia amongst others.

We are set for a big leap forward in the 90's with a well planned growth for the future.

To meet the challenges we urgently need sincere, dedicated people who want to be a part of the excitement in a thoroughly professional organisation — an environment where you breathe freely.

MARKETING MANAGERS

[Code-MM (T&M:HP:OSC:PS) No. of Vacancies—4]

One each for Test & Measuring , Uninterruptible Power Systems, Oscilloscope & D.C. Power Supplies.

Yes, we need a Marketing Manager for each of our Divisions which work independently as profit centres (almost separate companies within the Aplab Group). The incumbent should have thorough knowledge of the Market in the respective product line applied for. Emphasis is more on Marketing and the person will lend complete Marketing support to the Division. It calls for preparing Marketing plans; Strategies, Market Research, Marketing Intelligence and effective use of Techniques of Direct Marketing and will be supported adequately to do this function effectively by a Marketing Communications Manager (Corporate) and his staff, plus assistance coming from Regional Sales/Marketing Managers and his team. If you think you can successfully direct the Company's drive with all your knowledge and expertise, your hunt for such a position is over. You should be working as a Sales/Marketing Executive for approx. 5 years and feel its time you climbed the ladder. (The position reports to the General Manager of the respective division).

MARKETING COMMUNICATIONS MANAGER (CORPORATE)

[Code-MCM(C)]

This is a new position created in the Group to manage effectively with judicious use of media both internal and external communication, planning and strategy. Idea is to create a proper corporate image for the pioneering work and R&D contribution of the Group to the country. Will be also responsible for production of Technical/Sales promotion literatures, Corporate Brochures, Catalogues, Presentation Slides, Corporate/Product Video Films, House Journal etc. To achieve this there will be adequate support provided by a Technical Writer, Art Department, DTP and Ad. Agency. As a part of the Corporate Marketing Cell, you will work closely with Marketing Managers. Preferred age is around 30 years with relevant suitable experience preferably in a good recognised electronic company or an Advertising Agency.

CUSTOMER SUPPORT MANAGER

[Code-CSM]

This is a new position created in the Corporate Office to manage effectively after-Sales-Service/Support on an All India basis, for Aplab's wide range of products being offered by various Divisions. Besides technical knowledge and competence, the position calls for a lot of inter-personal relationship skills, trouble shooting ability and a close inter-action with Aplab's large Customer base. A person has to have a lot of drive in him and be able to work under pressure. Relevant successful track-record with a medium or a large Electronics Company is desirable. The incumbent will be required to strive for maximum Customer Satisfaction Rating.

A person in the age group of 30 years with about 5 years'relevant experience will qualify. The position reports to the General Managers of various Divisions and adequate support would be available from the regions to accomplish the task.

Remuneration package matches the best the industry can offer.

Applications together with a Passport Size Photograph and detailed Bio-data indicating the Code of the post applied for duly typed be addressed within 10 days to:

GENERAL MANAGER (ADMN.)
APPLIED ELECTRONICS LIMITED
Aplab House, A-5/6, Wagle Industrial Estate,
Thane-400 604

PPS

We have been retained by a successful Industrial Group in South India to assist them in the selection of a top-notch professional to strengthen the Marketing Department of their Animal Feeds Division. Our client enjoys good reputation in their business circles and provide excellent growth potential for the committed and innovative professionals.

MARKETING MANAGER

(Bangalore)

The incumbent shall be a **'live wire'** extrovert with an intimate knowledge of rural South Indian market. He shall be a matured professional in mid thirties with a cumulative experience of around ten years in the marketing function of which atleast five years as the head of the function. He will be responsible for the development of marketing strategies and guide his team in implementing them. He will be a source of advice to the top management in advertisement strategy, product positioning and pricing.

A post graduate in Marketing Management with experience in the poultry and cattle feed market will be ideal. Graduation or post graduation in veterinary science will be an added advantage.

Professionals with lesser experience can also be considered for junior position in the marketing function.

Salary will be commensurate with qualification and experience and will not be a limiting factor for the ideal candidate.

Kindly send your resume highlighting academic background, details of experience, salary drawn, superscribing the cover with code ***(MM/01/91)*** *within ten days to :*

PERSONNEL & PRODUCTIVITY SERVICES
(A DIVISION OF TATA CONSULTANCY SERVICES)
No. 70/1, 'PRAGATHI'
BASAVESHWARA ROAD (MILLER ROAD)
BANGALORE - 560 052

ABC's major specialisations include Corporate Consultancy

BLUE CHIP COMPANY

Turnover – Over Rs. 500 crores

Our client is a highly visible and successful company, part of a large Business House engaged in manufacture & marketing of consumer products, consumer durables as well as industrial products. The Group companies are leaders in their spheres of activity and the brands are household names in India. **The working environment and opportunities for growth are excellent. Achievement oriented professionals can look forward to a highly satisfying and rewarding career.**

2 MARKETING MANAGERS
6 SALES MANAGERS

Premier Cities
All India

Around Rs. 1.5 lacs gross p.a.
+ House + Car

They will be responsible for Marketing/Sales activities for their respective product groups/zones. Should preferably have Business Management qualification with 6-10 years product management/field selling experience as product heads/team leaders in a highly competitive environment. Code: MMS/MDS/09.

30 SALES EXECUTIVES / SALES OFFICERS

Major Towns
All India

Excellent Terms

Should have aptitude for hardcore field selling involving extensive travel. Candidates should be bright Graduates with a flair for marketing & sales having 2-6 years proven experience in selling consumer products/durables/other highly competitive products. Business Management qualification may be helpful for accelerated growth, however, accent is definitely on excellent field selling experience. Age: 22-28. Code: SEO/MDS/10.

The group offers one of the best compensation packages in the corporate sector. Apply within ten days with detailed bio-data to **K Shankar Raman, Regional Manager** highlighting clearly academic, extra curricular and professional achievements and marking envelope & application with appropriate job title & code.

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras 600 006 Tel. 470778

SWOT Analysis • Organisational Restructuring • MIS • Materials Management

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

Can you do what Schwarzkopf just did?

MAA Communications plans to overrun Bombay. Is there a general in the city who can do the job?

In the time it took Iran and Iraq to resolve their differences, you rose from Account Executive to Vice President. *From foot soldier to general in less than ten years.*

The action you've seen shows on your battle scarred face. You've learned and applied the intricate rules of marketing warfare. You've evolved into a strategist and a tactician knowing which role to play when.

Your contributions and your loyalty have won you ribbons, medals and monetary rewards.

You love your job and the place where you work but for a single disturbing fact: you're a general at thirty two with little chance of being chief of staff for, say, *fifteen, twenty years.*

In other words, you've reached a plateau in your career with few targets ahead.

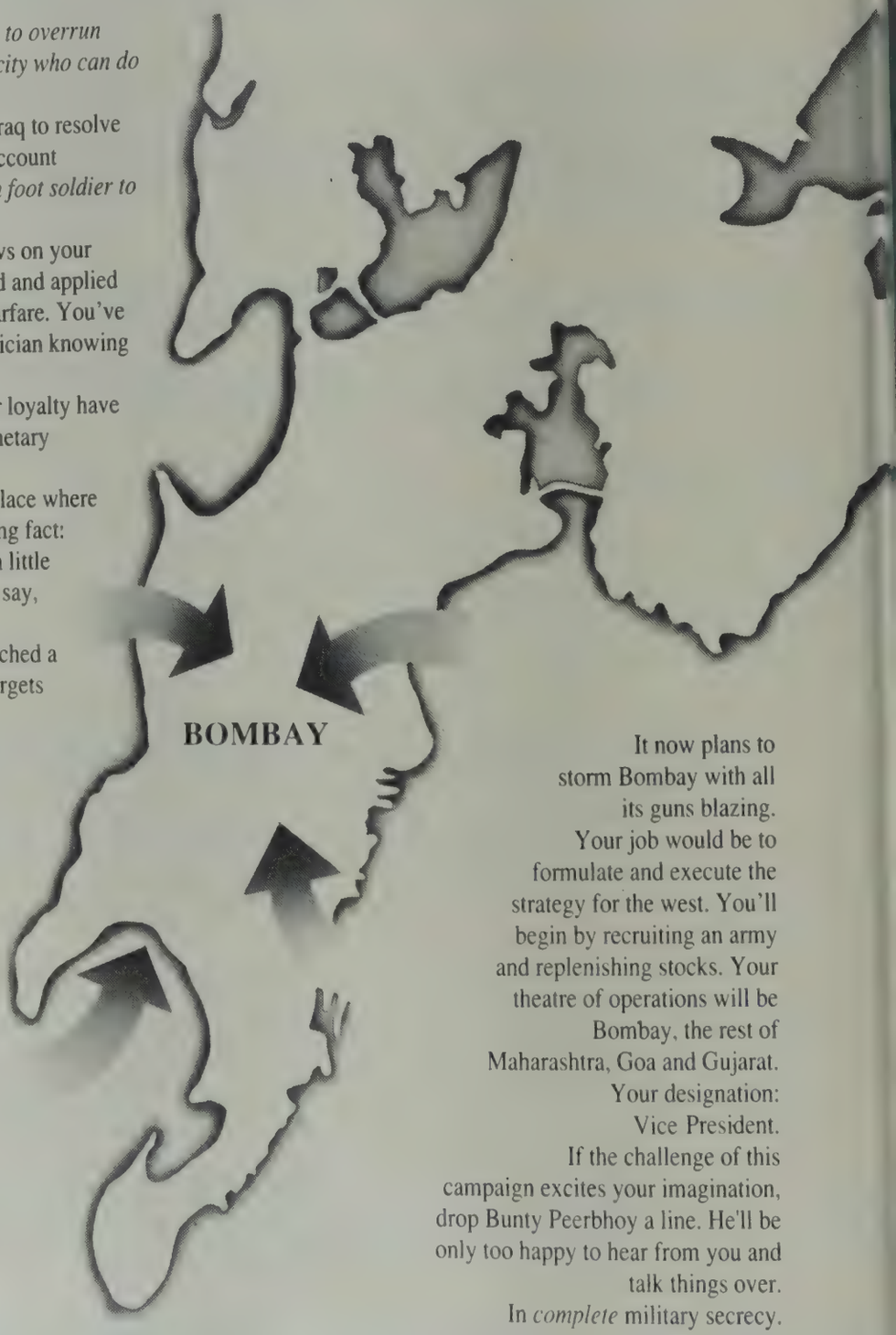
Recapture your career.

One company that can help you do this is MAA Communications.

In national rankings, MAA Communications has marched from nowhere to number twelve.

It has done this with a complete arsenal: advertising, marketing, direct marketing, film making, issue support, public relations, educational software.

At its command is a *prescriptive* media model, the only one of its kind in India.



It now plans to storm Bombay with all its guns blazing. Your job would be to formulate and execute the strategy for the west. You'll begin by recruiting an army and replenishing stocks. Your theatre of operations will be Bombay, the rest of Maharashtra, Goa and Gujarat. Your designation: Vice President.

If the challenge of this campaign excites your imagination, drop Bunty Peerbhoy a line. He'll be only too happy to hear from you and talk things over.

In *complete* military secrecy.

MAA COMMUNICATIONS PVT. LTD.

MAA House, No. 6 Service Road, I Stage, Domlur Layout, Bangalore - 560 071.
Tel: 570003, 575028, 578078, 577572. Grams: 'PUBLITAS'. Telex: 8172 MAA IN. Fax: 565891

GRINDWELL NORTON LTD. REQUIRES MANAGERIAL PERSONNEL: INDUSTRIAL MARKETING

We are an integrated manufacturer of industrial abrasives and ceramics in collaboration with NORTON CO. of USA, the world's largest manufacturer of abrasives.

We consider MARKETING as one of our major strengths. The marketing organisation consists of over 18 field offices all over the country, an extensive network of dealers and stockists, and a strong marketing services function.

In 1990-91, we have achieved a significant improvement in our market share in bonded abrasives and have a leadership position in all the major businesses that we operate. To fuel the growth, two new divisions focussed on Exports and New Business Development have started functioning at Bangalore. To sustain the momentum, we wish to strengthen our organisation in the following areas:

PRODUCT MANAGEMENT – BOMBAY/MORA(URAN)/ BANGALORE

The job involves identifying emerging customer needs, initiating product and market development, identifying technology and manu facturing requirements, developing and implementing Product Market Strategies, profit improvement and promotion plans for each of the major strategic Business Units in Bonded & Coated Abrasives.

MARKET MANAGEMENT – BOMBAY

(a) ***Dealer Sales:*** Over 55% of our volume is achieved through a network of 400 direct dealers and 2000 authorised stockists. Our dealer business philosophy seeks to build long term business value through a partnership concept with our dealers. Extensive Technical, Marketing and Managerial support is provided to the dealers. The job involves formulating and implementing policies, developing integrated promotion programmes and expanding the network to keep pace with emerging needs so as to achieve targetted market share and growth.

(b) ***Direct Sales:*** Over 40% of our sales is achieved through a base of 1200 customers covering the entire gamut of Automobile, Steel, Bearing, Machine Tool and General Engineering Industries through a team of trained Sales Engineers. The Company is working on an ambitious programme to enhance significantly the service value offered to these customers defining new standards of service in industrial consumables. The job calls for a high degree of integrating skills so as to focus the entire resources of the company viz manufacturing, application engineering, field sales, customer support services, on the user industry to achieve targetted market share and growth.

FIELD SALES MANAGEMENT – BRANCHES, ALL OVER INDIA.

Our branches are responsible for sales, technical service, product development and all commercial functions. Typically a medium sized branch handles Rs.5-8 crores of business and will have a team of Sales Engineers. We need leaders to head some of our branches.

In all the above areas, positions exist at the level of **Manager/Asst. Manager**

The **profile** will be as follows:

MANAGER – Engineer MBA with about 7 years' experience or Engineer with about 10 years' experience.

ASST. MANAGER – Engineer MBA with 5 years' experience or Engineer with 7 years' experience.

We would prefer persons with experience in an organisation dealing with industrial products, preferably consumables.

We welcome responses from persons with experience in any of the three functional areas mentioned above. For the branch positions, supervisory experience is essential.

Gross emoluments will be attractive enough for a person to make a change. The branch heads (except at Bombay) will be provided Company accommodation and will be covered under our Vehicle scheme.

Write within 10 days to Deputy General Manager-HRD, Grindwell Norton Ltd, 114, M.G. Road, Bangalore-1.

NORTON GRINDWELL NORTON LTD.

MANAGERS – IMPORT TRADE

(AGRI — PRODUCTS/METALS)

Delhi/Bombay

Our client is one of India's largest, highly professional and well diversified group of companies in the private sector with current turnover in excess of Rs. 1000 crores. They are brand leaders in their current areas of interest. As part of their diversification into international trade, they are looking for 2 professionals to head their import trade in agri — products and metals respectively. Both positions report to the Vice President — International Business Division.

Key result areas include identifying import opportunity areas of goods/commodities/ products for sale in India, identification of overseas manufacturers looking for representation in India, import of OGL items on stock & sell basis, setting up distribution/sales channels, identification of products/areas where import against additional/REP licenses would be preferable to selling off licenses.

The successful applicants will be graduates, preferably with post graduate qualifications from IIFT, having a proven track record in a similar product line and thorough knowledge of exim policies, licensing, custom rules and regulations etc., with 8-10 years relevant experience. Experience of having handled a diversified import basket in a large Export House/Trading House will be an added advantage.

For Bombay based position, candidates with own accommodation will be preferred.

The group offers excellent growth opportunities backed by a very professional work environment. The compensation package is negotiable and will not be a limiting factor for the right candidate. The package includes HRA or housing, LTA, medical, retirement and other benefits.

Preferred age : Under 40 years.

Please apply in strict confidence within 10 days to:

A F Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

giving full details of age, qualifications, experience, salary drawn alongwith a recent passport size photograph and contact telephone numbers. All applications and envelopes must be marked with reference **'MS/4996'** for Manager — Import Trade (Agriproducts) and **'MS/4997'** for Manager — Import Trade (Metals) respectively.

Why a successful company with proven professionals still needs more



Growth is an integral part of successful companies creating new challenges for high calibre professionals. Deepak Nitrite selects and nurtures the best of talents and provides a conducive environment to meet these challenges. It is ultimately this commitment for its people that distinguishes a great company from a good company.

Deepak Nitrite has formed a new division Nitro Aromatics which is currently in an advanced stage of setting up a Nitro Aromatics plant at Nandesari about 20 kms. from Baroda. This is a Rs. 50 crore project with state-of-the-art technology provided by Mario Biazzi SA, Switzerland for manufacturing Nitro Chlorobenzenes, Nitro Toluenes, Nitrated Esters, etc.

SALES MANAGER
(Bombay)

To develop, plan and implement innovative marketing strategies, enhance customer base and achieve sales objectives.

Candidate should have a Degree preferably in Chemistry and 10 years' experience in industrial marketing preferably of chemicals. Degree/Diploma in Marketing Management would be an advantage. He should possess good communication and analytical skills and techno-commercial acumen.

TECHNICAL SERVICES MANAGER
(Nandesari)

To look after process developments, technology absorption, quality assurance, environment and plant safety functions.

Candidate should have a Ph.D/M. Tech in Chemical Engineering Technology/Chemistry and 5/10 years of relevant experience in the chemical process industry. He should possess in-depth knowledge of processes and quality control techniques.

WORKS ACCOUNTS MANAGER
(Nandesari)

To look after all accounting functions, develop and implement Costing, Budgetory Control and Information Systems at the plant level.

Candidate should be I.C.W.A./C.A. with 8 years' relevant post-qualification experience. Process Industry experience would be an advantage. He should have the ability to function independently.

These are challenging positions. The remuneration package will be attractive and commensurate with qualifications and experience.

Please apply within 10 days with a detailed resume, present and expected remuneration to:
The Chief, Organisation Development & Co-ordination, Yamunakunj, 53, Kunj Society, Alkapuri, Baroda 390 005.

Nitro Aromatics

A division of

Deepak Nitrite Limited

A determined drive for excellence

TBL ANNOUNCES A MAJOR BREAKTHROUGH IN COMPUTER CAREERS.

TBL

TCIL BELLSOUTH LIMITED, is a joint venture of TCIL, India and BellSouth International, U.S.A. The Company is engaged in Software Development and Implementation and has various projects in India and abroad—in USA, U.K., Indonesia and other countries.

After a highly successful year, we are now poised for explosive growth and are looking for the following key personnel to become part of our dynamic team:

REGIONAL SUPPORT MANAGERS (BHOPAL/HYDERABAD/BANGALORE/BOMBAY)

The selected applicant will be required to develop and manage the region as a profit center, provide support for project implementation, supervise post-implementation and maximize customer satisfaction.

Candidates should be Graduate/Post Graduate in Engineering/Computer Science with 8 to 10 years' experience in a large software house. Additional qualifications in management will be an added advantage.

MANAGER-SOFTWARE DEVELOPMENT

The job requires development of large application software products of international standards, managing a team of highly qualified software engineers, ensuring use of Structured Methodology/Case Tool/Quality Assurance standards and providing system software support across different hardwares and operating systems.

Candidates should be Graduate/Post Graduate in Engineering/Computer Science with 6 to 8 years of experience in software development and support in major software systems. Exposure to software development in Telecom Operations and Networking will be an added advantage.

MANAGER-PRODUCT SUPPORT

The selected candidate will be able to provide on-going support for software products, for customization and maintenance of software. He should also be able to co-ordinate with implementation teams during execution and post-implementation maintenance. Maximising customer satisfaction will be an important part of his function.

Candidates should have a degree in Engineering/Computer Science with 6-10 years of experience in software development, implementation and support and should have exposure to SSAD/Case Tools..

MANAGER-CUSTOMER SUPPORT & IMPLEMENTATION

The selected candidate will be responsible for on-site Customer Support and implementation of internal and domestic software projects. He should be able to plan, organize, control the execution of projects, provide post-installation support and management of resources for projects as per the schedule.

Candidates should be Graduate/Post Graduate in Engineering/Computer Science with 6-10 years of experience in handling high value software projects for large clients.

MANAGER-PRODUCT MARKETING

In this position, the scope of operations includes evolving and operating a strategy for product marketing, pre-sale market support and post-sale customer support for software products, identifying new opportunities for market development, interacting with overseas and domestic clients, keeping track of development in the field for evolving product updates and new products.

Candidates should be Graduate/Post Graduate with 6-10 years industry experience. Background in the Telecommunications market is highly desirable. Exposure to commercial matters and procedures for export and import will be an added advantage.

TECHNICAL SUPPORT & TELECOMMUNICATIONS EXECUTIVES

Candidates should be Graduate in Engineering/Computer Science with 2-5 years experience in VMS, UNIX, C, 4GL and Computer Networking. Several openings are available at all levels for specialists.



TBL offers the right candidates an excellent environment for professional and career growth. The above positions will carry attractive salary and benefits in line with the best in the industry. Please apply within 10 days to: **The General Manager**
TCIL BELLSOUTH LIMITED, Mercantile House, 7th Floor, Kasturba Gandhi Marg, NEW DELHI-110001

Crompton Greaves

requires
Senior Personnel at Aurangabad

Crompton Greaves, the pioneers and leaders in the field of Electricals, and now a major force in Electronics and Telecommunications, is a multi-product, multi-division professional organisation with a turnover of Rs.600 crores.

The Company is looking for the following Senior Personnel for its Associate Company — CTR Manufacturing — based at Aurangabad and market leaders in the business of component manufacturing.

MANAGER (Code : CTR-MGR)

The incumbent will work as an independent profit centre head reporting to the Managing Director. An integrated understanding of Production, Planning, Quality, Cost Control, Finance and Marketing functions with an ability to lead a team and positively influence employee relations are the key requirements for the position.

The candidate should be graduate in Electrical/Electronic Engineering in the age group of 42 - 48 years with 10 - 12 years experience in Electronic Components/Equipment and a vision to contribute to the growth of the Company.

PRODUCTION MANAGER (Code : CTR-PRM)

The incumbent would be primarily responsible for production, productivity and cost control. Ensuring technology excellence by international quality standards would be his key area. He will report to the Works Manager.

The candidate should be graduate in Electronics/Electrical Engineering in the age group of 35 - 42 years, with 8 - 12 years experience in component manufacturing, preferably in the field of Plastic Film Capacitor Manufacturing. Industrial Engineering exposure is desired.

PLANT MANAGER (Code : CTR-PLM)

The incumbent will be responsible for complete maintenance and production support services. He will report to the Works Manager.

The candidate should be graduate in Electronics/Electrical Instrumentation Engineering in the age group of 30 - 37 years with 7 - 10 years experience in maintenance of sophisticated machines with Electronic/Electrical controls. Exposure to maintenance of automobiles and air-conditioners would be an advantage.

The positions offer an attractive compensation package.

Subsidised residential accommodation and telephone will be provided.

Interested candidates may please apply with complete bio-data within 10 days, superscribing the envelope with the respective codes to:-

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. V.B. Gandhi Marg,
Bombay - 400 023.

PRESSMAN

BLISS FINALEASE (INDIA) LIMITED

A Company in the "Indian Seamless Group", we are engaged in the business of Leasing, Hire Purchase and Financial Services. We have ambitious plans to expand and diversify our business in the coming years resulting from which, we require the following personnel in Bombay:

MANAGER, MERCHANT BANKING

This wholly new activity encompassing Portfolio Management, Issue Underwriting, Management/Co-management of issues and Corporate Advisory services, will have to be initiated and managed by the incumbent.

The ideal candidate in the age group 30-35 years will be a qualified ACA or MBA with Finance and Marketing specialisation and having at least 5 years of Merchant Banking experience.

MARKETING EXECUTIVE, LEASING

The incumbent, responsible for leasing of Plant and Machinery to Corporate clients, and securing Bill Discounting business will ideally be in the age group 25-30 years and a qualified MBA with Finance and Marketing specialisation having at least 3 years' experience in Leasing.

OFFICER TRAINEES

Candidates below 25 years of age who are qualified ACAs or MBAs in Finance/Marketing only need apply.

For all above positions, we offer a compensation package which is comparable with the best in industry. However, accommodation will not be provided.

Please apply in strict confidence giving full particulars of qualifications, age, experience, salary drawn and expected and enclosing a recent passport-size photograph, to

MR A V PRADHAN
GROUP CHIEF EXECUTIVE (HRD)
THE INDIAN SEAMLESS METAL TUBES LIMITED
6 E, RAMABAI AMBEDKAR ROAD
PUNE 411001
TEL:661462/661464

Professionals for Medical Electronics

Dräger

USHA RECTIFIER GROUP has identified Medical Electronics and Hospital products as a thrust area. It has formed a joint venture company with world-renowned M/s DRAGERWERK of Germany to manufacture and market an extensive range of life-saving respirators, anaesthesia and Patient Monitoring System for domestic and overseas markets. In addition, the Group has planned to expand its product portfolio with EEG/EP systems, Stress Test System, Colour Doppler System, Lithotripter, Imaging products and disposables etc. Plans are on the anvil to manufacture several computer-based medical equipments for which necessary Government Approvals have been obtained. In order to augment our growth in Medical business, we immediately need the following professionals.

1. Market Research Manager
2. Field Engineering Manager
3. Product Manager (Imaging Products)
4. Product Manager (Disposables)
5. Product Manager (Anaesthesiology)
6. Product Manager (Lithotripter)
7. Area Sales Managers
8. Senior Service Engineers
9. Junior Service Engineers
10. Import & Commercial Executive
11. Accounts Executive
12. Materials Executive
13. Project Executive in Hospital Project Consultancy Division

All you need to have is a graduate degree and 1 to 12 years experience of working in a razor sharp market. Exposure to medical equipments/computers/office automation/high tech electronic products would be given due weightage. Positions 1 to 6 and 9 to 13 are based at Delhi and positions 7 & 8 are for New Delhi/Bombay/Madras/Calcutta/Hyderabad/Bangalore. Outstanding performers may look forward to all-round career growth in other companies in the Group, too.

We offer a decent remuneration package.

Please send your application within 10 days indicating the position applied for and preferred location to :

Group Vice President (HRD)
USHA DRAGER (P) LTD.
3 Cama Place, New Delhi-110 066.

Crompton Greaves

Crompton Greaves LIMITED

requires
Senior Personnel at Pune

Crompton Greaves, the pioneers and leaders in the field of Electricals and now a major force in Electronics and Telecommunications, is a multi-product, multi-division professional organisation with a turnover of Rs.600 crores.

The Company is looking for the following Professionals for its Associate Company — CTR Manufacturing Industries — located at Pune and involved in the manufacture of Capacitors, Tap Changers, Radiators and Railway Track Maintenance Equipment.

PERSONNEL & ADMINISTRATION MANAGER (Code : CTR-PAM)

The incumbent will be responsible for Personnel, Administration, Security and Liaison functions and will report to the Unit Manager.

The Candidate should be Post-Graduate in Personnel Management with an adequate exposure in the areas of HRD and IR. The preferred age group would be 30 - 40 years with 8 - 10 years experience in the Engineering Industry. Fluency in Marathi and English is an essential requirement.

MARKETING MANAGER (Code : CTR-MKM)

The incumbent will be responsible for Marketing to OEMs and for achieving budgeted sales and margins. He will report to the Unit Manager.

The candidate should be Graduate in Electrical/Mechanical Engineering in the age group of 35 - 45 years with 7 - 10 years experience in similar areas and with a high degree of techno-commercial competence.

PLANT MANAGER (Code : CTR-PLM)

The incumbent will be responsible for maintenance and production support services and will report to the Works Manager.

The candidate should be Graduate/Diploma holder in Mechanical/Electrical Engineering in the age group of 27 - 37 years with 7 - 10 years experience in the maintenance of sophisticated machines with hydraulic/electronic controls. Exposure to maintenance of automobiles and airconditioners will be an added asset.

QUALITY CONTROL ENGINEER (Code : CTR-QCE)

The incumbent will be completely responsible for product and process Quality Control functions and will report to the Works Manager.

The candidate should be Graduate/Diploma holder in Mechanical/Electrical Engineering in the age group of 28 - 35 years with 5 - 7 years experience in the Engineering Industry. Exposure to ISO 9000 and Statistical Quality Control Systems would be desirable.

The above positions offer an attractive package.

Interested candidates may please apply with complete bio-data within 15 days, superscribing the envelope with the respective codes to:-

The General Manager (HRD)
Crompton Greaves Limited
1, Dr. V.B. Gandhi Marg,
Bombay - 400 023.

The Thapar Group

CAREERS IN THE COMPANY OF A WORLD LEADER

CARRIER AIRCON LIMITED, the Company promoted by Carrier Corporation, USA, the world leader in climate control, has upgraded India's air conditioning industry with contemporary technology.

The Company seeks promising personnel in the following areas :

ENGINEERING

R & D MANAGER

Responsibilities : Development of products and components related to AC & R in line with international technology; organising R & D efforts.

Requisites : We need an achiever in R&D with a minimum of 15 years' experience in a similar job in the AC & R industry.

Reporting to : Director-Engineering

This is a senior management position with an attractive remuneration package. Perquisites including company rented accomodation, LTA, Medical reimbursement etc. are comparable with the best in the industry.

ENGINEERING MANAGER

Responsibilities : To carry out R&D programmes, design new products. Organise reliability and endurance tests to meet high quality standards.

Requisites : Engineering Degree with atleast 6-8 years experience in a similar job in the Engineering industry.

DEVELOPMENT ENGINEERS

Responsibilities : To lead project teams for the development of new products related to AC&R as assigned from time to time.

Requisites : Degree in Engineering with atleast three years experience in the AC&R industry.

MATERIALS

ASST. MANAGER – PURCHASE

Responsibilities : To coordinate purchasing activities; To ensure uninterrupted material supplies to production.

Requisites : Degree in Mechanical Engineering with 5 to 8 years experience in the Engineering industry.

QUALITY CONTROL ASSISTANTS

Responsibilities : To assist the quality control function on a day-to-day basis in the Compressor and Room Airconditioner Assembly Shops.

Requisites : Diploma in AC&R/Engg. from YMCA or equivalent institute with atleast 2 years' experience in the AC&R industry.

Interested candidates should apply within two weeks giving full details of qualifications and experience to :

The General Manager
Human Resources & Administration
Carrier Aircon Limited
P.O. Kherki Dhaula Gurgaon 122 001
Haryana

Carrier AIRCON

The Name Makes You Comfortable

Contract.CA.24184

Bangalore based Group of Industries manufacturing Lead Acid Batteries and Components requires the following Management Personnel.

MANAGER — WORKS

The incumbent should be responsible for all operations of Production, Plant Maintenance, Quality Control, Materials Management & Inventory Control, Cost Control, Labour Management and related matters. He should be a Mechanical/Electrical Engineer with a minimum of 10 years experience on similar post preferably in a Battery Industry.

MANAGER — MARKETING

The incumbent should be a Mechanical/Electrical Engineer with specilisation in the field having minimum 10 years experience in similar capacity. He will be responsible for streamlining and implementing Marketing/Sales and Service strategy. Exposure to Import/Export control and Customs procedures essential.

MANAGER — FINANCE & ACCOUNTS

The incumbent will take charge of all Finance and Accounting functions including Costing and Budgetory Control, Taxation, Company Law and other statutory obligations affecting the working of the company. He should be a qualified CA/ICWA/CS with post qualification experience of minimum 10 years in similar post

MANAGER — PERSONNEL

The incumbent will take charge of all matters relating to recruitment, training and placement of employees and related matters. He should have a degree or diploma in Personal Management with minimum 10 years experience on similar post.

All the posts carry suitable remuneration with fringe benefits. Apply in confidence with full details superscribing on the envelope the post applied for, to Box No: AA/346/TM/1,
Business India, Wadia Building, 17/19 Dalal Street, Bombay 400001.

he concept *have been retained by one of the leading multi-crore turnover company with multi-product, multi-divisional and multi-locational activities in various product lines, most of which they are the brand leaders, to recommend to them hardcore professionals in the area of manufacturing for their REFRIGERATOR PLANT located in the notified backward area of Maharashtra. The Indian venture is a major growth opportunity and would expect and offer the very best.*

WORKS MANAGER/DY. WORKS MANAGER

Refrigerators

e Job: The incumbent will be responsible for all aspects of Factory management including Production anning and Control, Plant Maintenance, Industrial Relations, Costing, close interaction with Materials d Vendor Development department, Quality Assurance, Pollution Control, Safety and Security and ctory Administration including various commercial aspects of it. Achieving production targets under rict quality norms, Productivity improvement, Management of Technology, active involvement in versification within the inputs available and developing existing/new products are the areas he would be quired to lay emphasis upon. Knowledge of mass production systems and thorough familiarity with tomation in Refrigerator manufacturing is essential; exposure to Industrial engineering will be of an lded advantage.

e Candidate: A young and dynamic Manufacturing professional with graduation in echanical/Electrical Engineering with 7 to 10 years of experience in light engineering or Consumer-rable industry with Men-Management skills as he will have around 400 and odd Shop-floor Personnel to port to him, is the kind of candidate we are looking for. It is desirable that out of the total experience, st 2 to 3 years should have been as in-charge of Production department of the Manufacturing Plant. He ust be an achiever with proven ability to perform. An MBA/M.Tech. with specialisation in Production anagement would be preferred. Preferred Age: Around 30-35.

WORKS MANAGER/DY. WORKS MANAGER

Refrigeration Compressors

e Job: The job involves all aspects of Compressor Manufacturing - Production Planning & Control, achieving oduction targets, Quality Control, Productivity improvement, Plant Maintenance including familiarity with frigeration systems etc. The assignment would call upon special strengths in the area of Machining/Management of achine shop, preferably of a light precision Engineering industry.

e Candidate: The candidate having Graduation in Mechanical/Electrical Engineering with proven track record and a ep hard core self experience of 7 to 10 years in Shop floor production with practical working knowledge in several of e following areas: Machine Shop Management & Machining, Honing, Grinding, N.C. controls, SPMS transfer lines, brication, Vendor Development, etc. is the kind of candidate who can fit-in in the slot and contribute towards the owth of the Plant and for the self. An MBA/M. Tech. with specialisation in Production Management would be eferred. Preferred Age: Around 30-35 years.

e Reporting Relationship: Both the positions are in the Senior Management Cadre and would report to General orks Manager who is Administrative and Functional Head of the Plant and the Complex.

e Environment: The Plant works on a Cost centre concept and offers a unique environment of freedom of work and sponsibility. Outstanding performers are assured of rapid growth opportunities. Personality traits like motivation, ick grasping power, mental flexibility, maturity and balance, self confidence, ability to effectively deal with people at levels would be of value. The commitment to work is a pre-requisite.

e Location: The selected candidates would be required to stay with family at the Plant location which is well nnected with District level Head quarters and major towns of Maharashtra. The Plant is attached with a very well veloped housing colony with over 100 bungalows built for the Management/Officers working in the Plant and has all e amenities like well furnished and well equipped club, a library and best of the schooling in the housing campus elf.

e Remuneration: An attractive package will be offered including perks like house, own your car scheme, club embership, long term benefits, etc. with both the positions.

l the communications will be treated in strict confidence. Please write within seven days along with contact ephone nos. to:

IANDER BATHEJA
hief Executive

IE CONCEPT
ounsel of Management Services
Division of Calibre Consultancy Pvt. Ltd.
, White Hall, 143, August Kranti Marg, Bombay 400 036.
one Nos: 8224422, 8224423, 8118319. Telex: 011 - 75182, Fax: 8556699, Gram: CONCEPTO.

C/122/91

BUSINESS /INVESTMENT ANALYSTS

FOR

INVESTMENT INFORMATION & CREDIT RATING AGENCY OF INDIA LTD. (I C R A)

Industrial Finance Corporation of India (IFCI) has, alongwith other leading investment institutions and commercial banks, promoted ICRA as an independent Credit Rating Agency with headquarter at Delhi. It will provide a wide range of services connected with credit rating and investment information for the benefit of the industrial, financial and commercial sectors. We are seeking highly competent analysts with minimum of 3 years' experience in industrial management, project appraisal, financial planning, credit analysis or similar areas. They should have strong academic background, be able to communicate well both orally and in writing and capable of confidently representing the Rating Agency at high level meetings with clients. Their professional qualifications should preferably be in chartered/management accountancy, engineering or business administration and related fields.

We are looking for both junior and senior analysts. Compensation will be commensurate with qualifications and experience. Initial starting salary will be Rs. 75,000/- and above per annum.

Applications should be marked "Business/Investment Analysts" and would be treated as confidential. Please write with full curriculum vitae within 3 weeks to :

THE CHAIRMAN,
INVESTMENT INFORMATION & CREDIT RATING AGENCY OF INDIA LTD.,
SCOPE COMPLEX, CORE : V, FIRST FLOOR,
7, LODI ROAD, NEW DELHI - 110 003

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fast growing organization in the of HEALTH CARE, representing of the world's leading tinational companies in this field. existing activities comprise rmaceuticals (bulk drugs and cialities), Diagnostics, -chemicals and Bio-catalysts. For Profit Centres, we are looking several.

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Controller, you will assist in all nomic decisions relating to rative controlling like Planning, porting on Costs, Finance and estment decisions, organization, stics and EDP.

would like to meet you if you are erson with knowledge and posure to economic, financial and nnical aspects of an industrial anization. You could presently be olved in the finance functions or an engineer with a flair for ancial matters. You have to have sic qualifications in finance, nomics or a branch of gineering. Communication, hnical and analytical skills and a y broad understanding of the anization systems is a must.

ase send us your handwritten ume indicating your experience, alifications, achievements and er details together with a ssport-size photograph to:

General Manager — Personnel
ehringer Mannheim India Ltd.
ted India Building,
P. Mehta Road, Fort,
mbay 400 001.

BM/3/PREM ASSOCIATES

THAPAR WATERBASE LTD. is a new company promoted by the Thapar Group and is setting up a 100% export oriented integrated Acqaculture Project. The project will generate exports of over Rs. 35 Crs. For the project we now require:–

HEAD-MARKETING

The incumbent based at Nellore, will

★ develop and implement a plan to launch the Company's products internationally, and

★ manage the Processing Plant located at Nellore.

QUALIFICATIONS AND EXPERIENCE

Graduate with 8-12 years experience in marketing and operations. Product launch experience is desirable.

EXECUTIVE ASSISTANT TO CHIEF EXECUTIVE

This is a senior management position. TWL is in an organisational development phase, and the incumbent based in Nellore, will assist the Chief Executive in:

★ broad spectrum of functions like project management and coordination, creation of organisation systems, strategy formulation and implementation follow-up, project formulation, MIS etc., and

★ implement specific assignments which cut across organisational functions.

QUALIFICATIONS AND EXPERIENCE

Engineer, with an MBA, 5-6 years experience and analytical ability and flair for creative and conceptual work.

Salaries will be comparable to the best in the industry with an attractive profit-sharing scheme. Please apply within 15 days to:

The Assistant Manager (P & A)
THAPAR WATERBASE LIMITED
W.16/1681, Ramamurthy Nagar
Nellore – 524 003

SURUCHI

KUNSTSTOFFE INDUSTRIES

PROJECT/WORKS MANAGER

DAMAN

KUNSTSTOFFE INDUSTRIES is a new enterprise being set up by the Bharat Pipes and Fittings group of companies at a cost of Rs 12 Crores for manufacturing industrial plastic products employing a unique process developed in West Germany. The new company which will be publicly listed requires a person to implement the project and thereafter assume responsibility for overseeing all production activities.

Candidates should have a first class degree in Mechanical/Chemical Engineering and at least 10 years of experience in project management and production preferably in the plastics processing field. A period of training will be required with the West German collaborators who are world leaders in the field.

Preferred Age: Around 35 years.

A generous remuneration package will be negotiated.

Applications in strict confidence should be sent within a fortnight to:

DR. R. BANERJEE
CONSINDIA
PRIVATE LIMITED
"Anand Ashram", 2nd Floor,
22, Pandita Ramabai Road,
Gamdevi, Bombay 400 007.

LINTAS CPL VAC 69 229

Capital market

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* Are you interested in working for a fast growing, highly credible, national investment fortnightly?
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* Do you have 4-5 years' experience in sub-editing?
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CAPITAL MARKET
401, Swastik Chambers,
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Chembur, Bombay - 400 071.

The Symbol of Trust

EXECUTIVE DIRECTOR
(Real Estate & Construction Division)

The House of Patels is a leading business group, with a turnover in the region of Rs.150 crores. It plans to double this turnover in the next 3 years. The group has interest in diverse activities such as Transport, Construction, Finance, Courier Services, Management Education, Consultancy and International Trade. It is supported nationally by a vast network of 400 branches and internationally through its associate offices in Dubai, Hong Kong, Singapore and Australia.

We are looking for a mature senior executive to head our Real Estate & Construction Division which has construction projects at Bombay, Pune, Bangalore and Goa. We have plans for more projects in other cities of India.

The candidate should basically be a good & dynamic businessman with high entrepreneural skills combined with a flair for finance. A formal qualification in Engineering/Finance/Architecture is desirable. The candidate should have 10-12 years experience in construction or real estate related activities and should be familiar with buying and selling of land. An ability to effectively deal with investors and public financial institutions is essential. The applicant should be capable of closely monitoring cost of each project stagewise, and should have an ability to inspire, motivate and guide a team of dedicated & thoroughbred professionals. An understanding of marketing and public relations is preferable.

This being a senior management position, it reports directly to the Group Chairman and carries an attractive remuneration package which can be matched to individual merits, qualifications and experience.

Please apply or call within 7 days to:

The Chairman,
House of Patels,
"NATASHA", 52, Hill Road,
Bandra (West), Bombay 400 050.
Tel: 6401142.

ARMS HOP 33-91

ABC's major specialisations include Corporate Consultancy

DIRECTOR - FINANCE

New Project Rs. 300-400 Crores investment

South India
Premier City

Top Management Terms

Our client, a highly successful Industrial Group, is setting up a large project in the **core sector** with most modern facilities. The project is under implementation and plans are already afoot to go in for downstream facilities involving substantial investments. They are on the lookout for a top notch professional to handle the finance portfolio.

The incumbent will take charge of all financial matters including project financing, financial planning, budgeting, funds management, close liaison with top levels in financial institutions, etc. Emphasis will be on maintaining stringent controls over project cost and establishing various financial controls for the company.

Should be Chartered Accountants/Cost Accountants preferably with MBA qualification having an excellent track record and rich experience. Exposure to financing of large projects is a must. Stature & reputation, strong financial prudence and high level of integrity essential. Preferred Age Group: 45-50.

The compensation package will be highly attractive and will include all perquisites which go with such top positions. Please establish contact with **Mr M Madhusudan, Director** (Office:470778 Home: 454841) or write with detailed resume indicating contact telephone numbers. ALL CORRESPONDENCE & DIALOGUE WILL BE TREATED STRICTLY CONFIDENTIAL.

SWOT Analysis • Organisational Restructuring • MIS

ABC CONSULTANTS PRIVATE LIMITED
4, Khader Nawaz Khan Road, Madras-600 006 Tel. 470778

Manpower Audit & Planning • Managerial Appraisal • Salary Survey

PUBLIC ENTERPRISES SELECTION BOARD

INVITES APPLICATION FOR THE POST OF MANAGING DIRECTOR/CHIEF EXECUTIVE, TRAVANCORE PLYWOOD INDUSTRIES LTD, PUNALUR, A PUBLIC SECTOR COMPANY UNDER THE GOVERNMENT OF KERALA.

COMPANY	:	TRAVANCORE PLYWOOD INDUSTRIES LTD IS A PUBLIC ENTERPRISE, ONE OF THE SUBSIDIARY COMPANIES OF KERALA STATE INDUSTRIAL ENTERPRISES, MANUFACTURING PLYWOOD AND OTHER ALLIED ARTICLES. THE COMPANY HAS AN ANNUAL TURNOVER OF RS.3 CRORES AND EMPLOYS AROUND 600 PERSONS. THE COMPANY NEEDS TO TURN AROUND BY IMPLEMENTING REVIVAL STRATEGY.
QUALIFICATION	:	DEGREE IN CHEMICAL/MECHANICAL ENGINEERING/SCIENCE DIPLOMA IN PLYWOOD TECHNOLOGY WILL BE PREFERRED.
EXPERIENCE	:	10 TO 15 YEARS EXPERIENCE IN RESPONSIBLE POSITION IN A LARGE PLYWOOD MANUFACTURING CONCERN, OUT OF WHICH AT LEAST 5 TO 7 YEARS SHOULD BE IN SENIOR MANAGERIAL LEVEL.
AGE	:	AROUND 45 YEARS.
REMUNERATION PACKAGE	:	THE SELECTED CANDIDATE WILL BE APPOINTED ON THE SCALE OF PAY OF RS.3,700-5,000 (WHICH IS LIABLE TO BE REVISED) WITH STATE GOVERNMENT D.A.; OTHER BENEFITS INCLUDE COMPANY CAR, HOUSING, CPF, MEDICAL FACILITIES ETC AS PER RULES OF THE COMPANY. THE COMPENSATION PACKAGE AND OTHER TERMS, WILL BE ATTRACTIVE AND IS NEGOTIABLE.

DETAILS WITH BIO-DATA, FULL PARTICULARS OF AGE, QUALIFICATIONS, EXPERIENCE, LAST PAY DRAWN, SALARY EXPECTED AND ANY OTHER RELEVANT DETAILS SHOULD REACH THE SECRETARY, PUBLIC ENTERPRISES SELECTION BOARD, BUREAU OF PUBLIC ENTERPRISES, GOVERNMENT SECRETARIAT, THIRUVANANTHAPURAM-695001 WITHIN 15 DAYS.

CANDIDATES CALLED FOR INTERVIEW/DISCUSSIONS WILL BE PAID TO AND FRO IST CLASS TRAIN FARE/ ECONOMY AIR FARE BY THE SHORTEST ROUTE.

10730/F3/91/PR

ESPL

(A State Govt. Enterprise)

Electronic Systems Punjab Limited (a wholly owned subsidiary of PSIDC) is engaged in R&D, Production & supply of Micro Computers. Data Acquisition & Control Systems and High Speed Modems. The Company requires a dedicated and competent professional as :

GENERAL MANAGER (MARKETING)

Engineering graduate preferably in Electronics/Post graduate qualification in Science with minimum 15 years relevant experience of which 5 years must be in a senior position. The candidate should have an excellent proven track record in the field of computer marketing, should be innovative, dynamic and result oriented with persuasive skills, capable of providing leadership and guidance to a professionally qualified marketing team, effective product promotion and maintaining high level Corporate image. Besides he will be responsible for sales targets, widening of computer base, sales realisation and marketing intelligence.

Based at Chandigarh he will be overall incharge for All India Computer Marketing. The applicant should be below the age of 50 years.

Remuneration package will be negotiable, based on qualification and experience, but will not be a limiting factor for the right incumbent. Other benefits include CPF, House rent Allowance, Conveyance Allowance, Medical benefits, Leave Travel Concession, Leave Encashment, Super annuation scheme, Attractive Bonus and other standard perks. The application with complete bio-data superscribing the post applied for should reach within 20 days to :

The Sr. Manager (Personnel)

Electronic System Punjab Ltd.

B-81, Phase VII, Industrial Area, SAS Nagar, Chandigarh-160 055

JAISONS ESPL 2

C T Cotton Yarn Limited

A Company promoted by **CAPITAL TRUST LIMITED NEW DELHI** and **Mr. V.P. PUNJ** is implementing a most modern 100% Export Oriented Spinning Unit of 26000 spindles for manufacturing Cotton Yarn at **MALANPUR INDUSTRIAL AREA NEAR GWALIOR.** The Unit shall employ latest State of the Art Technology with imported Plant & Machinery. Civil construction has already commenced. For this Project we need professionals for the following positions to be stationed at Gwalior.

GENERAL MANAGER : Qualifications : B.Tech (Textile).

Experience : 10-15 years in production, maintenance and quality assurance in a reputed Cotton Spinning Mill. Experience in production of yarn for export and exposure to International Market would be desirable. He shall initially be responsible for project execution and later on as a **UNIT HEAD** with complete control for production, administration, maintenance, quality control, workers training, etc.

CHIEF ENGINEER : Qualifications : B.E. (Electrical).

Experience : Around 8 to 10 years experience preferably in a spinning mill. He shall Head the Engineering Department and shall be responsible for planning, organising, installation and maintenance of all electrical, mechanical and different utility services.

The salary and other perquisites shall be attractive. Those interested are invited to apply within 10 days with detailed curriculum vitae, present assignment, salary and perks drawn and expected to :

C T COTTON YARN LIMITED
Punj House, M-13, Connaught Place, New Delhi 110001

LUPIN

PIN is a large and well diversified group with a strong presence in the areas of ethical formulations, tech bulk drugs, Agrochemicals, herbals and biotech products. The Company requires a dynamic, ult oriented professional for the following position at Mandideep near BHOPAL:

ENIOR MANAGER – PERSONNEL

1.5 lacs + car

e incumbent shall assume overall responsibility for personnel function including manpower planning, cruitment, manpower development, performance appraisal and reward systems, employee welfare, well as building and maintaining a harmonious and productive employee relation climate.

e candidate should have Postgraduate qualifications in Personnel Management or MBA with ecialisation in personnel management from reputed Institutes with around twelve years experience a large, professionally managed organisation. Experience of managing employee relations and HRD tivities independently at unit level will be preferred. Compensation will not be a constraint for the ht candidate. Age below 40.

ease apply to:

General Manager (HRD)
Lupin Laboratories Limited
159 CST Road, Kalina, Santacruz E, Bombay 98.

INTERNATIONAL MARKETING MANAGER

Must possess a strong international marketing background in Dye-Stuffs, Intermediates, Pigments, Fine Chemicals and must possess in-depth knowledge of Import/Export policies and procedures. 10 to 15 years experience is desirable, extensive travel, domestic as well as international required.

Candidate must have excellent academic record and must be an MBA preferably with Chemical Engineering background. Our Company based in Chicago, U.S.A., offers an attractive salary, bonus, car, insurance, vacation and many other compensations.

Please send resume and reference to:

Aakash Chemicals & Dye-Stuffs, Inc.
447 Vista Avenue
Addison, IL 60101
U.S.A.
Fax: 708-543-0810
Phone: 708-543-0810

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Wipro Systems needs people of the right-brained variety.

Deal clinching or brand building? Tactical selling or strategic marketing?

Come to think of it, it rather depends on what your left brain has to say. Is the right choice the right choice? Is the software industry the poor cousin of its hard counterpart? Can legal software succeed against the onslaught of piracy?

Enter Wipro Systems. The software company that has silenced the doomsday prophets to record a 100% growth over the last year. With the right use of the right brain, the company has thought, strategized, created... its way through to carve a niche in product software with international best-sellers like InstaPlan (a Wipro Systems product) and the dBase range and Framework III (from Ashton-Tate of USA).

To move along in the right direction faster, Wipro Systems is looking for people in the same right-brain mould – to launch COMPACT, an exhaustive accounting package that runs on multiple platforms, dBase IV on Unix and other higher-end business packages.

PRODUCT MANAGER - BANGALORE

You'll head the group on the range of pro addressing business, financial and accou needs of the customers, with responsibilit interact with the market and the Product Development team to generate marketing communication programmes.

You must be a Cost/Chartered Accountar Engineer with 3 to 6 years' experience in developing/marketing financial/accounting packages.

MANAGER - OEM & DEALER SALES - BANGALORE

You will be a hardcore (or should we say so professional responsible for dealer and C support programmes and for ensuring sm flow-through of products via the channels. formulate channel strategies, evaluate ar appoint dealers and monitor dealer mana at the branches.

You must be an Engineer/MBA with 3 to experience in the Information Technology with exposure to the software business.

The designates will report to the Marketi

r client is a leading Engineering Company based at Baroda, manufacturing products for the Automobile and rigeration Market and is an Associate of world leaders in the field. It is part of a very large diversified group d offers challenging working environment. Successful Managers could look forward to a rewarding career in group. The turnover is in excess of Rs. 10 Crores and there are ambitious growth plans. The company hes to recruit personnel to man the position appearing below :

SALES MANAGER

S/5689) ATTRACTIVE COMPENSATION

e incumbent who would be based at Baroda would be responsible for all India sales in a highly competitive rket. New product development/new market development would also be a part of the incumbent's assignment.

ndidates should be engineering graduates with post graduate qualification in management from a reputed titution/university. They should possess around 12 years' experience in an engineering industry. Experience dealing with Automotive/Refrigeration industries will be an added advantage.

is is a senior management position reporting to the General Manager. The job calls for excellent managerial ility and experience in leading a group of sales officers/engineers and motivating them to achieve budgets.

e company provides a very challenging work environment where individual initiative is encouraged. Career ogression both within and outside the function is available based on individual merits.

eferred Age : Around 35 years.

plications should be addressed to :

A. F. Ferguson Associates
44, Nirman Society, Alkapuri
Baroda - 390 005

ving full particulars of age, qualifications, experience and salary drawn. All applications and envelopes should marked with the relevant MS reference number.

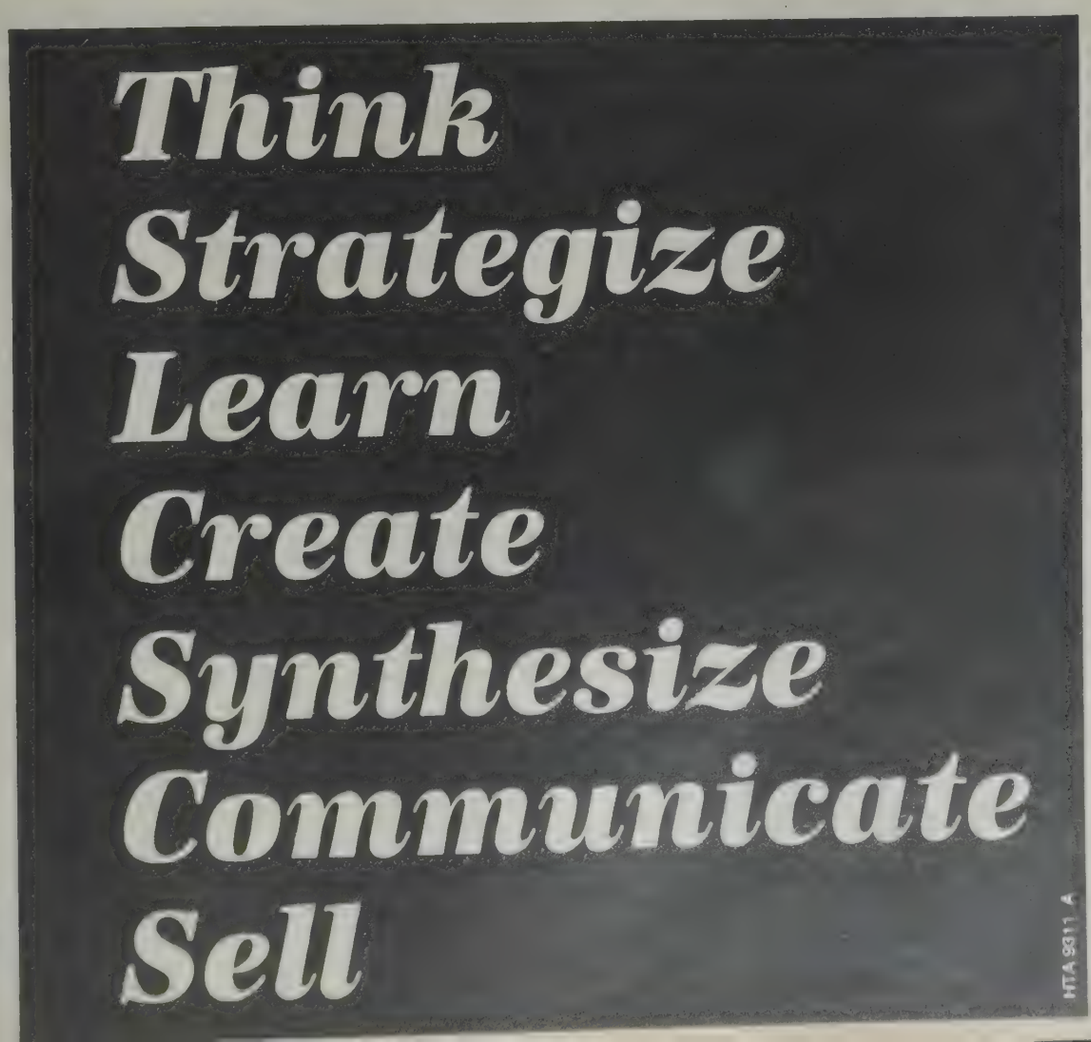
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A professionally manged Industrial house has openings for well qualified professionals for the following positions in their Head Office at New Delhi.

Marketing Manager

The candidate should be a MBA from Premier Institute with minimum 7-10 years experience in a senior marketing position in the capital goods industry, preferably Graphic Art Machinery. He will be responsible for the total marketing operations, including planning & budgeting. Preferred age 35-40 years.

Export Manager

A well qualified export professional, preferably MBA/IIFT having 10 years experience in handling total exports. He should posses high level contacts in the international market preferably with special exposure to Graphic Industry.

The Organization offers excellent growth and career opportunities. Salary and perquisites will match with the best in the industry.

Please apply in confidence within 15 days alongwith a passport size photograph to:

Box No. AA/346/DK/2,
Business India, Wadia Building,
17/19 Dalal Street, Bombay 400 001

Rototech

A S Rototech Limited

A professionally managed company set up to manufacture carbonless paper for the first time in India in a completely integrated Rs. 6.5 crore plant with its own technology patented worldwide, wishes to appoint.

Business Development Managers

Five high-powered Business Development Managers are required for **New Delhi, Bombay Madras, Bangalore and Calcutta.** These persons should be in their early thirties and be reasonably well educated. They should have excellent contacts with senior persons in industry as well as in the government and ideally possess a fair amount of experience in marketing office automation products. Be aggressive, hard-working and target-oriented.

The Business Development Managers would report directly to the Managing Director based at Calcutta. Each person would be supported by a team of sales persons at each location and be responsible for handling about 5 accounts, with immense potential for utilization of carbonless paper — like Defence, ONGC, Railways, Airlines, Insurance Companies, Shipping Companies, Banks and State Governments.

The job would require the person to operate on his own initiative, be assertive, possess a high degree of self-motivation and have the requisite background and skills to promote a new concept. The compensation package would be attractive and linked to an incentive scheme to adequately reward performance. Those confident of taking up the challenge and interested in building a future with the company should apply within 7 days to :

The Managing Director
A S Rototech Limited
6A, Middleton Street, Calcutta 700 071
Phones : 29-2004-6, 29-3847

digital

Digital Equipment India Limited is an affiliate of ***Digital Equipment Corporation, USA,*** *the leading worldwide supplier of Networked Computer Systems and Services. Digital offers a full range of Computing Solutions and Systems Integration for the entire enterprise - from Desktop to Data Centre.*

Education Services Division is a part of Enterprise Integration Services Division, the Solutions Organization of DEIL. Operated as a profit center, this business function brings leading edge Information Technology Educational Solutions for its customers and employees. To strengthen this Group, we require:

MANAGEMENT CONSULTANTS Bangalore *(CODE:EIS/119)*

The persons will be responsible for Management Consulting within and outside the organization. As an integral part of the Information Technology solutions provided by Digital, consulting, planning & co-ordination of training plans, organization development and management development will be key result areas for the Consultants.

We are looking for people with Post Graduate qualifications in Management and 5-7 years similar experience in Management Consulting & Training, preferably in a multinational organization. Familiarity with Information Technology will be considered an asset although not a pre-requisite.

These positions carry attractive salary and benefits in line with the best in the industry.

Please apply, superscribing the envelope with the code and post applied for, within 10 days to :

Dr.(Ms) Maya Reddi
Vice President - Human Resources
Digital Equipment (India) Limited
(an affiliate of Digital Equipment Corporation, USA)
12, Industrial Suburb, Yeshwantpur II Stage,
Bangalore 560 022

India has Digital now

ABC's major specialisations include Corporate Consultancy

MANAGEMENT CONSULTANTS

Engineer + MBA **Age Group 28—35**

Our current specialisations are in the areas of **S&R/HRD, MCS, PDS** (Project Development Services) and we operate from **Calcutta, Bombay, Delhi, Madras** Offices. We will shortly be establishing new offices at **Baroda, Bangalore and Kathmandu.** MCS & PDS are being strengthened significantly and therefore we have openings at all 7 locations. Flexibility in terms of locational preferences and nature of consulting assignments will be permitted, within the limits of organisational needs & workload.

Work is intellectually stimulating with scope for handling a large variety of assignments in the areas of Strategic Planning, Organisational Restructuring, HRD Systems, Identification & Development of New Projects, Globe Trotting for Joint Ventures & Technology Partners. There will be ample opportunities to work on prestigious assignments abroad. A number of foreign tieups are under active negotiation.

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Please write to **Dr N Kathuria, Director** and mark the envelope & enclosures with job title & code MC/BPA/3077. Particulars of age, education, current position & responsibilities, emoluments drawn & expected, contact telephone numbers, etc., should be clearly mentioned in the bio-data. All correspondence must be made through courier mail/speed post.

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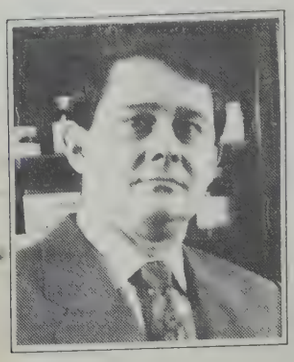
he candidate should be an MBA from reputed Management Institutes with specialisation in Marketing Management. air for quantitative analysis will be desirable. Must have about 6 to 8 years relevant experience in industry, nsultancy or academic institution of which atleast 2 years should be in handling class room sessions. Preference ll be given to Fellows from IIMs or Ph.Ds if they have atleast 4 years suitable experience. High degree of nceptualisation and ability to communicate, felicity in the development and use of case studies, preparation of ading materials and familiarity with computer usage as training aid are essential.

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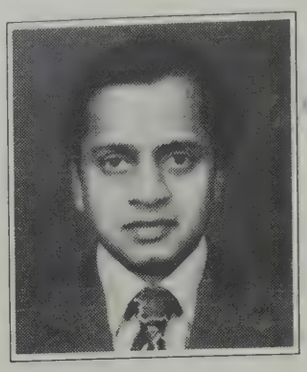
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P.R. Lydon has been appointed managing director of Pfizer Ltd



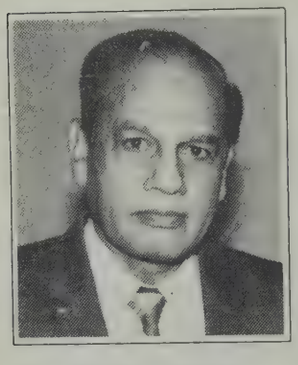
S. Ramalingam has been appointed director, operations, of Madras Refineries Ltd



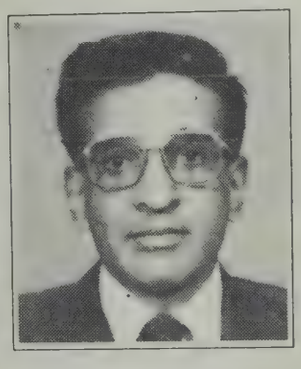
S. Thirumalai has been appointed wholetime director, VST Industries Ltd



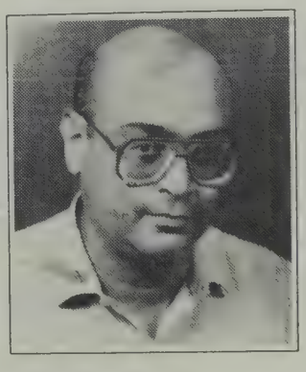
R.P. Garg has taken over as director, refineries of Bharat Petroleum Corporation Ltd



B.G. Khare has taken over as chairman and managing director of Hindustan Organic Chemicals



S.V. Kumar has taken over as chief manager and chief executive officer, India, of the Bank of Oman Ltd, Bombay branch



A.S. Mundkur has been appointed chief executive, industrial gases, at IOL Ltd



Tushar Jani has assumed charge as chairman, Blue Dart Express Pvt Ltd

Shashi Chand Ja been appointed cl of DCW Ltd

A.R. Halasyam ha appointed directo finance, of Maruti Ltd

A.K. Sarkar has jo director, projects, National Building Construction Corporation Ltd

R. Swaroop has jo Bhor Industries Lt executive vice-pre operations

C. Mohanty has ta over as managing director, Paradeep Phosphates Ltd

K.M. Hussain has over as general ma operations, State B Hyderabad.

O.P. Chawla has t over as director of National Institute Bank Management

Neeran Chhiber h joined Mudra Dive as director, Mudra

R.L. Baxi has take as general manage National Insurance Company

Raman Patel has b inducted into the b of directors of Uipl India Ltd

Ashwin Shah has jo Apple Industries as general manager, financial services di

Madan Goyal has b appointed executiv director of Finesse Capital Services Pv

P. Saravanan has t over as chairman a managing director National Textile Corporation, Madh Pradesh

T.R. Dagga has tak over as senior vice-president of Incab Industries Ltd

Suresh Kumar has appointed director technical, in the Mi Exploration Corpo Ltd

M.N. Krishnappa assumed charge as director, productio Bharat Earth Move

ASSOCIATIONS

C.V. Rao has been elected president of the Indian Agro Paper Mills Association

M.P. Wagh has been elected president of the Indian Electrical and Electronics Manufacturers Association

R.T. Namasivayam has been elected president of the Indian Pump Manufacturers Association

P.K. Jain has been nominated president of the UP Stock Exchange Association Ltd

Jai Dev Kapur has been elected president of the All India Cycle Manufacturers Association

Kailaschand Bhagchand Thole has been re-elected president of the Maharashtra Fertilisers, Pesticides, Seeds Dealers Association

R.N. Dravid and **Mir Zahiruddin Ali Khan** have been elected chairman and vice-chairman, respectively, of the Indian Society for Training and Development

Pravin P. Sanghvi has been elected president of the Bombay Stationers' Association

ilding businesses



lwar, 42, is division executive, South Asia and East division of Citibank, based in Singapore

lers and biographies are as much on for him as "building busi- So is golf, an interest he shares wife Roop who is one of the lead- golfers in Singapore. And a han- 11 indicates his long association sport. But his connection with is longer. He is among the few responsible for implementing 's global consumer banking

Talwar, who did his BA from hen's College, Delhi, joined Cit- India as an executive trainee in he of the few Citibank officials worked in all the four Citi cen- India, Talwar's first posting was to Saudi Arabia in 1977. en, he has returned to India only ys or to take stock of Citibank's r business here.

omain. Posted in Singapore for hine years, and in charge of con- nking and credit card business h Asia and the Middle East, oday controls an area extending v Zealand to Saudi Arabia. His ncompasses 13 countries, 7,000 s, $9 billion in deposits, $8 bil- ans and a $105 million in after- s.

is a workaholic and a constant Though he handles a heavy load ersonally, he also "delegates to a fault, at times". And he views this characteristic as his strength since "that's how you help people grow".

According to Talwar, starting consumer banking in India was "the beginning of a new phase". Citibank succeeded in the consumer banking area, he says, because "few other institutions had focused on directing their services to individuals".

And Talwar's credentials speak volumes about his innate ability to build businesses. He was responsible for Citibank's highly acclaimed "Asian Banking Centres" which today span the entire Pacific rim. He introduced the consumer services group in India which has mobilised Rs.2,000 crore in deposits from 55,000 non-resident Indians. And he is proud of this achievement. "We have used our global strengths," he says. "Being a part of the team that has changed the company's profile completely in the country is something to be proud of."

Talwar feels that many of the other foreign banks operating in India have not encouraged innovation and have suffered due to an in-built bureaucracy. "We have to apply the technology and experience from other countries here to be innovative," he feels, stating that the Indian banking industry requires more competition and a little less of over-regulation.

Despite economic recession, Citibank's Asian Consumer Business has maintained an enviable record of growth, and the credit for that goes to Talwar. And this is well accepted in the portals of Citibank too, as is indicated by its chairman John Reed's reference to Talwar and his contribution in a recent interview to the *Harvard Business Review*. Talwar takes it in his stride, even when three more countries are added to his domain. "As long as I am stimulated by work and people, I'll continue working. The day I stop enjoying, I'll quit," he says.

■ RAHUL SHARMA

FRONTRUNNERS



"The entire strategic and operational planning for both domestic and overseas market for our company was conceived by my team," asserts **B.S. Pani**, (39), the marketing manager of the Rs.2,500-crore public sector aluminium giant, National Aluminium Company Ltd (Nalco).

A metallurgist with an MBA from the University of Leeds (UK), Pani trained in aluminium smelting in the USSR. Since 1970, he has been with one aluminium manufacturer after the other (INDAL, Balco and Nalco), working on project, construction and commissioning of units.

Involved in academics and management studies in and around Bhubaneshwar, Pani is a visiting faculty member with Xavier Institute of Management Studies, universities of Utkal and Berhampur and various entrepreneur development institutes.

N.R.



R.P. Yadav, 34, the general manager — marketing of the Calcutta-based Rs.18-crore Business Forms, India's largest computer stationery manufacturer, is a science graduate from Ranchi University. He began his career 14 years ago as a sales representative with Johnson and Johnson.

Yadav has built a reputation as a person who spares no efforts. He switched over to Christine Hoden, the makers of Comfit napkins as a sales executive, and rose to the position of regional sales manager of the company. "My interests lay in institutional marketing and so, I shifted to Usha Fans and Sewing Machines. Later I joined Jay Engineering," says Yadav. He then shifted to HCL.

From there, it was just a hop to computer stationery and MICR cheques. "I now control an all-India market leader's team. I intend to double the target by end-1991," he says.

S.D

CALCUTTA FOOTBALL

Money is the name of the game

The exhibition match that marked the beginning of this year's football season in Calcutta last month, also marked the end of hectic horse-trading involving some of the best football talent in the country. But much before the teams were finalised, rumours were rife about the final line-up of the teams the big three clubs of Indian Football — Mohun Bagan, East Bengal and Mohammedan Sporting — will be fielding.

One feature that demarcates the three clubs is the fact that they offer no official remuneration to players when they sign them up to don the club colours. Around the undoubted prestige of playing for one of these three clubs and the dubious "amateur" status of the players evolves the story of big money in Indian football.

Not mere football

But there is a great deal more to these big clubs than mere football — the ultimate goal being prestige, power and popularity. Each of the clubs signs up two dozen or more of the top players in the country to don their colours in exchange of "reimbursements". It tries its best to put together a team that can bring home the *trimukut* of Indian football — the IFA Shield, the Rovers Cup and the Durand Cup.

Mohun Bagan sprang into prominence in 1911 — a nondescript north Calcutta club that defeated a first-rate English team. At the club, the world revolves around Swapan Sadhan Bose, better known as Tutu Bose or Tutuda. His family has been bankrolling Mohan Bagan for generations. Football circles estimate his financial involvement in the club to be around Rs.35 lakh annually.

Close on the heels of Mohun Bagan came the East Bengal Club, originally representing players from the Dhaka area. After Partition, it came to represent the aspirations of the weary, dispossessed Hindu refugees from erstwhile East Pakistan. Poltu Das, the pivot of the East Bengal Club, is a businessman with interests in Calcutta's burgeoning suburban real estate and other businesses. Partha Sengupta, the general secretary of the club, says, "Poltuda can raise Rs.10 lakh in a day with a few carefully placed phone calls."

The last but not the least important of the trio, Mohammedan Sporting represents Muslim competitiveness, although all its players are not Muslim. At this club, the top gun is Mir Mohammed Omar. He can come up with enough funds his club requires anytime, and his supporters consider him responsible for pulling the club out of financial crises.

Audited accounts of the three clubs are difficult to come by. Mohun Bagan has a football budget of around Rs.30 lakh this year to meet the expenses of the 28 players it has signed on. Anjan Mitra, a chartered accountant who handles the finances of the club claims that Mohun Bagan pays its players only in white money. "But if a supporter gives a player some money, it is no concern to the club," he says. According to Mitra, no player receives more than Rs.2 lakh per from any club, and that too, only a reimbursement vouchers for play and equipment, toiletry, conve medical expenses, allowances for town trips, etc.

According to informed sources Mohun Bagan camp, their highes player, Shishir Ghosh will make lakh this season through reimburs of expenses and donor largesses. East Bengal tent, similar figur quoted for Krishanu Dey and B Panji. Sengupta of East Bengal say his club has also set aside Rs.30 l find its team this season.

Obviously, this requires that the be well-equipped financially. They the required funds in a wide vari ways — through annual subscrip from appearance money in outs tournaments, from advertisemer souvenirs and new memberships.

No fees

The legal position on the payments clear. Says Mitra, "The players are n employees or even under any contr us. There is no question of tax ded at source under these circumsta Since there is no written contrac ween clubs and players, it leaves e scope for manipulation.

Club bosses rant against the unp sional attitude of the players as wel the authorities. Players arrange p matches and pocket the collection. at foreign players who get fined by clubs at the drop of a hat. Can we eve our players?" Das asks. The clubs complain that they never get any sh the gate collections. And, Doorda does not recognise television broa ing rights.

As a result of the legal vagueness entire system, it is muscle, black and smart hustling that works. P cannot be kept in line. Bosses who keep their commitments with playe lose them the next season to some club. The lucky few who make it line-ups in these clubs are fully aw the lacunae in the system and try t advantage of them.

For they know they will be at thei only for a few years. And it is in this period that they will be able to enj trappings that go with playing for the three clubs: fame, money, and chance to be counted among the b the country.

■ SUDIPT



Calcutta football: money on the hoof?

Tuesday at Erode...

ss and undistinguished it may be r days, but come Tuesday, the rters of Periyar district in Tamil ts transformed beyond recogni- out 100,000 textile traders wind y to Erode to participate in the extile market, and Erode's by- come India's largest centre for ganised textile trade. This flour- holesale trade, in both handloom erloom products, fetches an an- nover of Rs.200 crore.

norning every Tuesday, this town ive and a mad scramble for space n Gani market, the municipality place, an average shop than nine sq ft in size, out for Rs.1,350. There t 3,000 shops selling anging from hand- s costing Re.1 each to e silk sarees priced 0. The sale continues Thursday morning, ning before that wit- remendous activity.

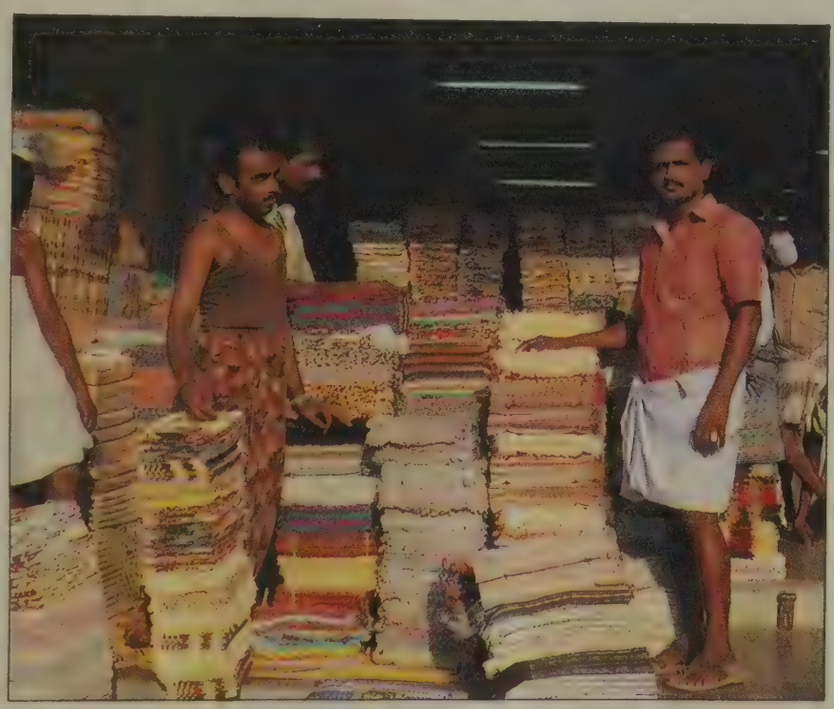
eavers' venture

ome from all over the but sellers are largely all towns and villages km radius of Erode. million people are in- this profession. Says dam (52), who has ing his wares in this or the last three de- Most of us are small who own 10 to 15 eryone in the family has to play his business. My wife looks after , my sons procure yarn and su- he day-to-day activities, my s-in-law do the dyeing. I bring ed goods and sell them in this

rket goes back to 1958. "In the s, a credit system was intro- the wholesale textile trade in du. It hit the small weavers' pro- s their cash reserve depleted in ce of the immediate cash pay- ence, they decided to go to the directly. Erode was the obvious or the weavers were mostly ated in the villages around," ataraja Mudaliar, a leading handloom merchant of the area.

So, in 1958, about 40 weavers piled their bales for sale near Erode clock-tower one Thursday to mobilise cash for workers' weekly salaries. Public response was so overwhelming that more and more traders started trekking to Erode. Soon the lungi weavers from Chertala in Kerala also started coming to Erode to sell their goods, and the market became a regular feature.

All dealings here are in hard cash. Most nationalised banks have branches in Erode. During the market days they stock up their cash reserves to meet the market demand. Says the manager of the local branch of the State Bank of India, "We keep cash to the tune of Rs.1 crore during the market days, as most of the buyers bring drafts."



A.S. Panneerselvan

The Tuesday market: India's largest textile trade centre

The prices at the market are really competitive and there is no compromise on quality. "The minimal overheads make our prices competitive. The same products cost nearly 100 per cent more in Bombay and about 40 per cent more in Ahmedabad," says J. Ganesa Mudaliar, a local weaver.

Wide choice

Ashok Kumar Kalvi, a trader from Jaipur, and a regular visitor to the market, is attracted by the wide choice. According to him, such variety is not found elsewhere in India. Another major attraction is the availability of transport. Erode is connected by rail to all major cities," says A. Fernandez, a buyer from Bangalore.

The trading system has now become well-organised. Once the deal is struck, the sellers do the packaging and make the necessary arrangements for transportation. "I have been visiting this place since 1975 and till date there has been no instance of any fraud. More than the competitive prices, it's this dependability and credibility that attracts people from all over," says S.K. Bhide, a visitor from Belgaum.

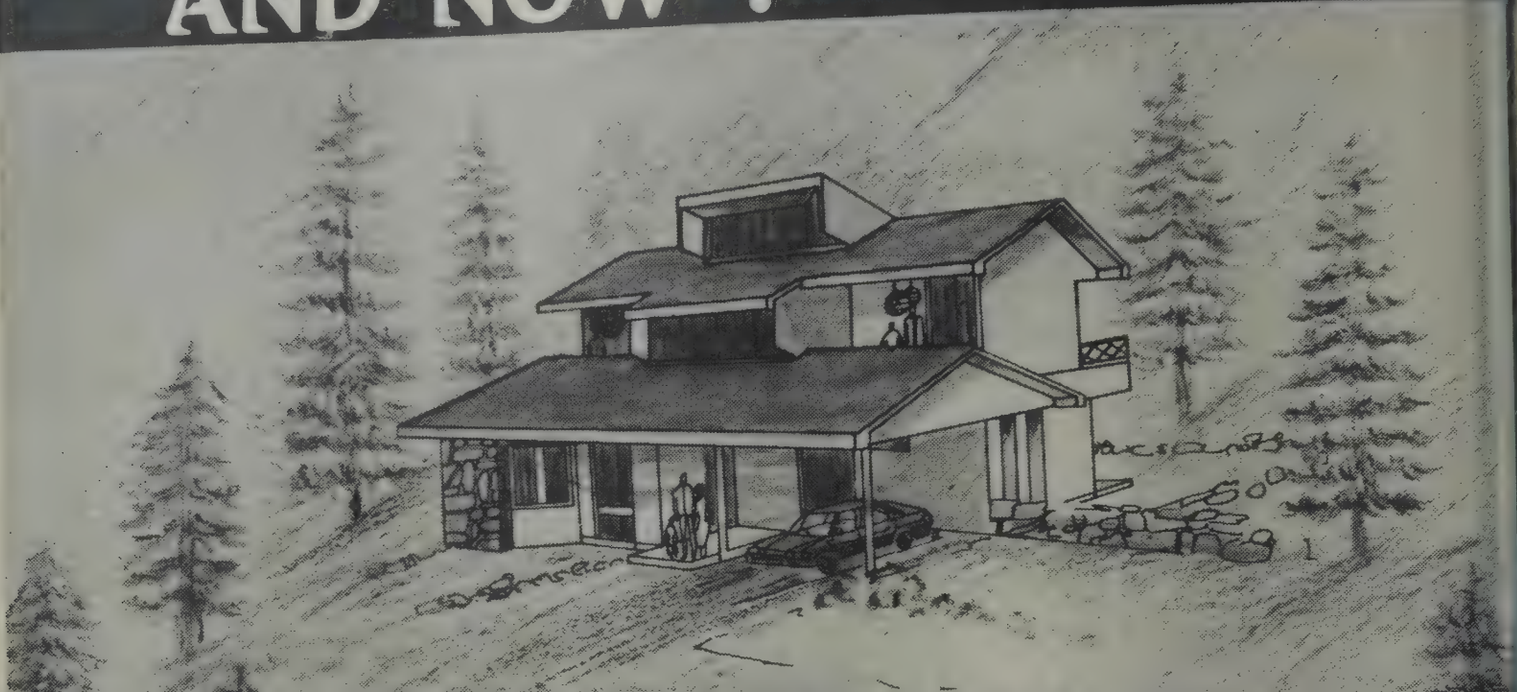
Erode now faces all the problems of success. The already densely populated town bursts at the seams during market days. Sanitation breaks down, and there is an acute shortage of accommodation. In 1984, there were only five lodges in the town, now there are close to 70, accommodating about 6,000 visitors. But this is not sufficient.

According to the district collector V.K. Subbaraj, traffic management is another perpetual nightmare. "The number of vehicles have increased from a mere 4,500 in 1980 to about 65,000 in March 1991. The population is about 160,000, and at the present rate of increase, vehicles are going to outnumber people very soon," he says. Everyone seems to own a two-wheeler or a light motor vehicle.

Improvements are round the corner. Erode Handloom Merchants Association (EHMA), has taken the initiative to move the market to a more spacious place. Says R.K. Senthamarai, president, EHMA, "The only way to develop our trade is to set up a textile township. For this purpose, we have purchased 92 acres of land near Sooriyampalayam, six km away from Erode. We propose to construct 900 permanent shops there. We have allocated about 20 acres of land for the market." EHMA also plans to construct a 100 ft road to this area. The association is in the process of raising funds from banks for the purpose, and expects the work to be completed by 1995.

■ A. S. PANNEERSELVAN

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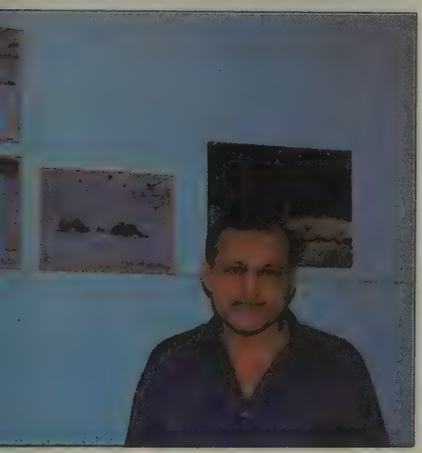
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oes on safaris, and
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captured on film! **S.K.**
senior deputy director
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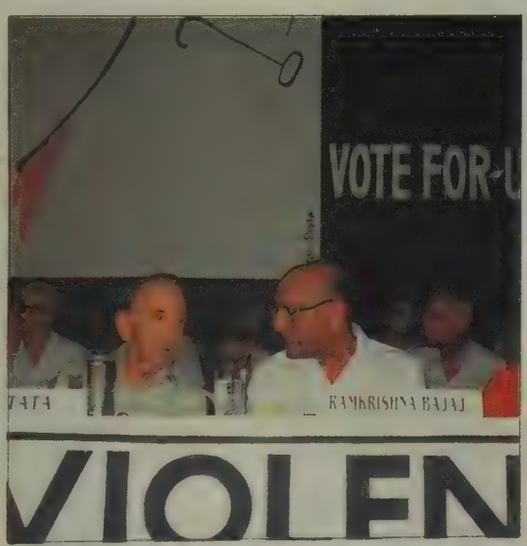


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ime poet, raconteur,
met ... **P.S. Pasricha** is
many parts. Now the
best known traffic cop
brought out his first
title, *Traffic Manage-*
Long Way To Go, may
and uninspiring, but
uthor himself, it is full
of lively anecdotes. Pasricha, a PhD in traffic management, is now posted as an additional commissioner of Bombay. Taking the city as a case study, his book examines the present traffic system and raises some relevant questions. According to Pasricha, the book is aimed at the common man. Though one does wonder which common man would ever get to see a book with a price tag of Rs.175.



It was meant to be a sombre occasion. But the celebrity gazers who thronged a college hall in south Bombay last fortnight had other ideas. They tripped over one another to have a "dekho" at Shabana Azmi, Dilip Kumar and Sharon Prabhakar, participants at the public meeting on "Violence And Democracy". Politicians Murli Deora,



VIOLEN

Mrinal Gore and Madhu Deolekar spoke. So did adman Alyque Padamsee and former bureaucrat J.B.D'Souza.

The grand old man of Indian industry, **J.R.D. Tata**, started off on a humorous note by saying that since he had been asked to speak, violence had been committed. But he then added seriously, "This violence is due to the resentment caused to people for being denied rights as human beings and as Indians."



It was a muggy evening with the mercury hovering around 40 degrees and the wind playing truant most of time. But that did not prevent over 700 people, both young and old, including the likes of Vasant Sheth, chairman of Great Eastern Shipping, from travelling to Manori beach in the north of Bombay for an all night session of Jazz and Blues by some of the city's most talented musicians.

The rush of musicians wanting to play that night was even greater than the rush of people wanting to get in. In fact, a group that had flown in specially from far away Manipur could not even make it to the stage. The show was a first in the Sea-side Jazz series organised by Bombay restaurateurs **A.D. Singh** and **Naomi Khatau**, who last year gave the city its first jazz cafe — Just Deserts. The ten-hour non-stop music was a good experience, but the heat was unbearable.

No doubt at least Parle's did make the best out of the occasion. Citra and Thums Up, the only soft drinks available, were selling at Rs.6 a bottle; while a bottle of Bisleri mineral water, was going for Rs.12.

Birla 3M has still to flood the Indian market with its innovative products but the company has already come forward for a noble cause. It recently hosted a fund-raising dinner at Bangalore. The collections, totalling about Rs.6 lakh, are being used to organise coaching camps and provide sports kits for 46 atheletes who will participate next month in the International Special Olympics being held at Minneapolis, US (where the 3M headquarters is located). The International Special Olympics, in which more than 6,500 mentally retarded atheletes from 101 countries will participate this year, was founded by the Kennedy family in 1988. Says **William Scrivens** managing director, Birla 3M, "Our involvement will continue in the future."



Couples in business

In a society where family businesses have been the norm, men have generally assumed the dominant role. Today, however, more husbands and wives are joining forces to survive in an increasingly competitive world. And women themselves are playing a vital role in businesses that range from service-oriented ones such as public relations and interior design to those that involve the manufacture and sale of machinery.

Pragnya Mestry, a young woman living in Bombay, was eager to do something beyond her duties as a housewife. Her husband, Anil, then employed with a Pune-based company, did not approve of her working for someone else, saying that "after working in the office she will have to work at home as well, which is unfair". But he agreed with Pragnya that with their own business, she could enjoy flexible timings. So in 1981, at Pragnya's urging, the Mestrys started Nova Arts to manufacture gift articles. At that point Anil retained his job, although he resigned not long after. The next year, Pragnya took up an agency for Dahanukar machine tools.

Deepak Tolani



The Chickgurs: much money saved on salaries

Business really took off in 1985, when they started manufacturing multi-purpose tongs. The response at their Bangalore exhibition was enthusiastic, and they subsequently launched a whole range of kitchen products. Today, they manufacture such novel products as a ladder which can be converted into an ironing table and drawing board; selling them at major department stores as well as at exhibitions like those organised by the Association of Women Industrialists/Entrepreneurs of Maharashtra (WIMA), of which Pragnya is a member.

Separate but related

Like the Mestrys, Sudhir and Anu Behl work jointly and run separate, though related, companies. Anu had her own agency — Conference and Marketing Services — going in 1986. Sudhir, tired of the corporate world after spending 28 years in companies such as Lintas, Frank Simoes and Larsen & Toubro, decided to break away. Initially, he considered joining Anu's firm. "But I realised the company was so small that we would step on each other's toes," he says. So in 1989, Sudhir set up Spectra PR Consultants. The two, however, share the same office and complement each other when it comes to dealing with clients.

Sudhir's forte is administration, research and technical projects; Anu excels in creativity and provides the warm personal touch so essential to their field. Meanwhile, though she had started off by organising conferences, she found her scope widening automatically — her clients wanted public relations services too, through Sudhir's contacts.

Though too much togetherness is not always a great thing, setting up business jointly can be a wonderful way of bringing couples closer. For 15 long years, Sunil Panday had been in the merchant navy. When he went home on leave, his wife Sonal took time off from her job as marketing executive with Mahindra and Mahindra. They made up for the long separations then, with bouts of frantic partying. But real family life — sitting around the TV set together, sharing meals — was almost non-existent most of the time.

So when Sonal's brother, Tushar Oza, wanted to set up an export-oriented knit-



The Pandays: no independent de

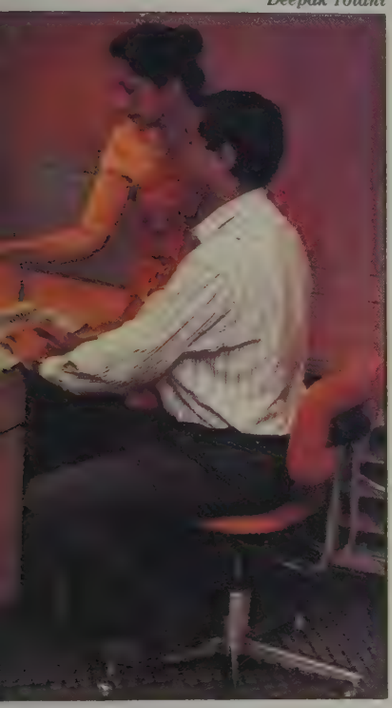
wear and garment firm in Kandla, jumped at the opportunity to sw reers. In 1989, the trio set up Seek ions Private Limited, with an initi for 10,000 pieces from a German fi divide their duties, drawing sala cording to the work assigned. Suni to handle production and procu Sonal looks after daily banking ope and Tushar does the marketing. Th to keep each other informed, howe do not make independent decision

There are several advantages of together, as most couples agree.



The Pachigars: little left to say

Deepak Tolani



: complementing each other

that they can play complemen-
in an atmosphere of trust.
no scope for suspicion which
ve otherwise existed between
' says Delhi-based J.K. Singh,
the Mesco group of companies
go, along with wife Rita. Their
d pharmaceutical exports busi-
a Rs.90-crore turnover. "More-
says, "it is always nice to share
s and problems as your wife will
of the difficulties involved in

ichgur, of Pioneer Engineering
, points out that if outsiders
hired for key roles, secrecy and
an be casualties. Also, he says, a
of money can be saved on sal-
e work can be done by family
. "Besides," he says, "a family
vill take much more care than
outsider who is highly paid."
e realised, if the work involves a
of travelling, it helps to know
use will take care of things. Chi-
ife Tehmi has been involved in
ical machinery business for 26
their two sons have entered it
es, as Madras-based architects
th and Jayshree found, pooling
is useful in a competitive field.
r, there are certainly disadvan-
As J.K. Singh says: "One tends
the board room into the bed-
nd perhaps, vice versa, with
at home threatening to break
in the office. Anu Behl, like
rs, says domestic arguments af-

fect work only to the extent that you could be "less chatty" and Sudhir points out that marital squabbles involve the heart while office work involves the head. As for quarrels in the office, the Behls are confident that they agree with each other in principle on major issues — it's the nitty-gritty and personal styles of functioning on which they might disagree.

Talking shop

However, most couples — and their children! — complain that at home, talk usually centres around work. If there is any scope for conversation left by the end of the day, that is. Krutika and Uday Thakkar, of Printol Enterprise, are among the few who find something to say to each other, even after spending six hours together in the office. Most people are like Umesh and Shubha Pachigar, an architect team, who find there is little to say by evening. "Sometimes I feel it is best to keep quiet," says Shubha, "because if we do talk, we'll start discussing work. A lack of communication is really a disadvantage while working together," she says. This, despite the fact that they handle their own clients, preferring not to involve the other unless absolutely necessary. The Behls' 18 and 21-year-old daughters, meanwhile complain that their parents discuss only work when they return home. Even Anu gets exasperated by the monotony of the discussions that are carried over from the office. As for the Singhs, they say that though they can "get on each other's nerves, a strong bond has developed".

Most couples make conscious efforts to keep home and office apart. Jayshree Bharath was particular about locating the office away from the home in order to keep the two separate. "Any working woman has to separate home from office, otherwise it will be chaotic," she says. The Singhs, after years of "trying to make their lives more disciplined", have finally succeeded in drawing a line.

Pankaj Desai



The Thakkars: still conversational at the day's end



The Mestrys: being fair to each other

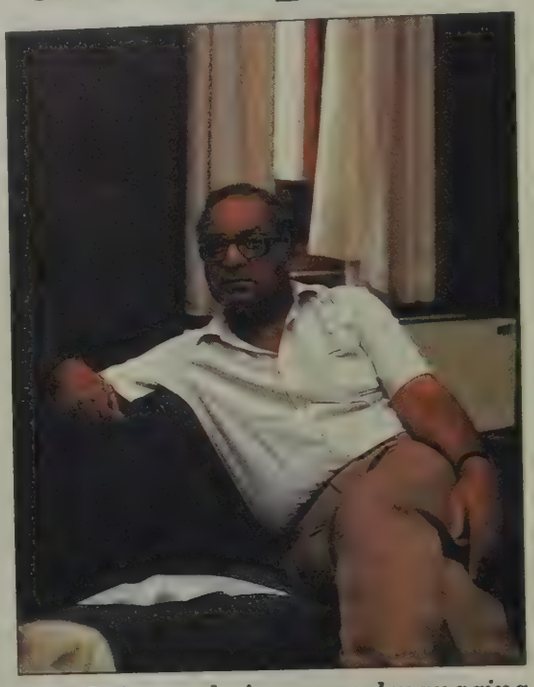
But what happens to the good old family vacation? The Mestrys have found an ideal solution, combining holidays with work, travelling to participate in home product exhibitions. Most, like the Thakkars, have to be content with short trips, if at all. Tehmi Chichgur had to do without holidays for five years until her sons were old enough to join the business.

When husbands and wives work together, who is the boss? On the surface it seems to be the man. Tehmi prefers to let her husband do the talking but she handles finances and settles family quarrels in the office. Mestry does not let his wife deal with clients like "local shopkeepers who will get put off seeing a woman". Anu Behl openly says that her husband has the upper hand.

Yet, women in business are not mere appendages to their husbands — even if all husbands do not recognise the fact.

■ MENKA SHIVDASANI and MAHIRA SHEIKH in Bombay with bureau reports.

"Reduce fuel consumption"



R.K. Gajree, *chairman and managing director of Bharat Petroleum Corporation Ltd (BPCL), now into the last nine months of his career — which began with Burmah Shell in 1961 — is currently presiding over a situation where the country might have to brave yet another fuel crisis. In this interview with* Business India*'s Devendra Tak, he remains optimistic but stresses the need for structural changes in the economy*

Last year we noticed long queues for diesel. Now that India is facing another Forex crunch, is another fuel crisis in the offing?
The problem last year was caused not so much due to a dearth in High Speed Diesel (HSD), as a lack of discipline among dealers. It was the hoarding of diesel that created an artificial scarcity. We had made a conscious effort to reduce consumption by 10 per cent, and curtailed supplies for a certain period, so dealers had resorted to hoarding. Once supplies were normalised, we noticed that there was a dip in sales. Even now there is no problem in the available indigenously. If we can raise of having enough foreign exchange to be able to buy it. Of the 22 mt total consumption of HSD, 17.7 mt is available indigeniously. If we can raise funds to buy HSD from abroad, or reduce consumption by 10 per cent, there should be no scarcity of HSD.

What is the current inventory of HSD? And what is the long term solution for the fuel problem?
I really do not know how much the inventory is. But I know that our refineries are working full steam. If certain structural and fiscal changes can be implemented in the 12 existing refineries in the country (average output: 6 mt, if the three proposed refineries (Karnal, Mangalore and Assam) can be implemented, and another refinery be approved, we can well continue to cover at least 60 per cent of the total consumption. Also, there is a need to set up co-generation plants in all the refineries. Earlier, the state electricity boards used to complain against the setting up of the plants, but gradually they have relented.

The total consumption of crude in the country is 55 mt, and we need to import 20 mt of crude. There is a 7 to 8 per cent growth in demand every year. If crude prices go up, the foreign exchange outgo will be larger and more difficult to meet. In the long term, if the nation wants to survive there is no alternative but to reduce consumption. For example, a proposal that was recently discussed with the petroleum ministry was to urge conservation measures among farmers who utilise over one million diesel gensets. Over the last few years, we have invested about Rs.110 crore in conservation measures. Efficient furnaces and heat exchangers have been installed and better energy control management is being initiated. Gas stoves having improved efficiency from 60 to 70 per cent have been introduced. While in the short term there is no alternative but to borrow money, in the long term, the energy output (1/16 is the fuel input ratio at the refineries) has to be less for the same production.

But there has to be simultaneous action taken by the government, in a pragmatic and business-like manner.

Why is it that the problem has become so acute in our country?
Our approach has been very disoriented. We became very complacent ever since we discovered oil at Bombay High. That affected our approach to the oil problem.

We would have otherwise been forced to opt out of personal modes of transportation etc, and the dependence on public modes of transport would have matured.

Recently there was a controversy the hasty issuance of letters of i (LoI) for LPG, kerosene and die dealerships, by the petroleum minister. Was there a need for additional dealers especially sin inventories of kerosene, gas and petroleum products is known to dismally low?
The appointment of new dealershi just one of the things that the min discussed with the heads of petrol companies, in an attempt to clear pending matters. The minister has discretionary quota for which he d need approval from the OSB. Thou the application for dealerships for petrol pumps and gas agencies is a drawn process, the LoI for the sam and should, be speedily implement any case, appointments made were for the long term. And the building a large infrastructural network of dealers definitely adds to the convenience of consumers. Even be the Janata Dal government was for the OSB had been dissolved. Once government is set up, the OSB will reformulated. The dissolution of th OSB is done to facilitate changes i board's members as per the perspe of a new government.

How many new retail outlets wer established by your company dur the last year?
We have a network of 3,965 retail outlets. Of these, 907 were for LDO and 767 were LPG distributors. Th were 71 new outlets added in the l year, as compared to 75 in the pre year.

If you multiply our figures by fiv you'll get the total of all the oil companies.

What are your aspirations for th company in the remaining nine months that you would be its chairman?
I want to push through the propos another refinery. Our results, whic awaiting the government audit ha been highly satisfactory. Even though this was the conservation year, and there was only a margin increase in sales, our gross profits Rs.350 crore as compared to Rs.30 crore last year.

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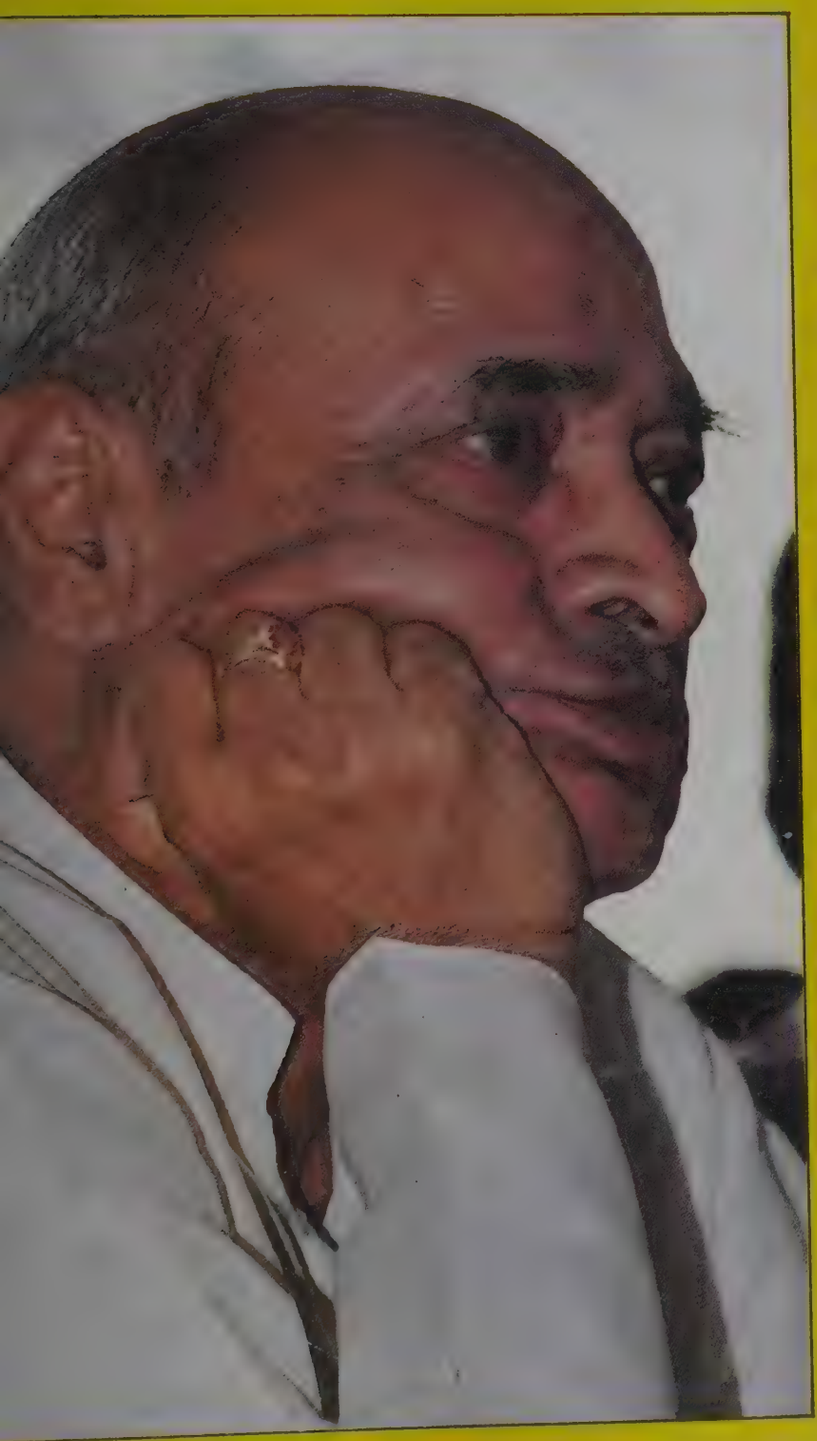
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ARASIMHA RAO

CAN WE NOW SWING THE IMF LOAN?

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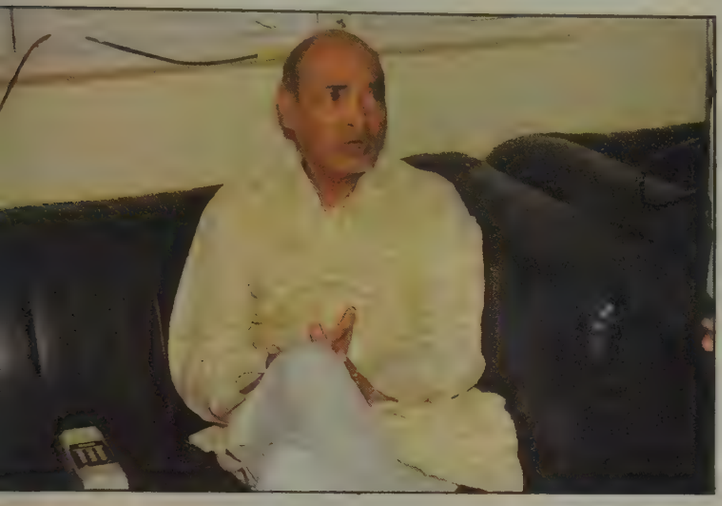
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Hero Cycles races ahead

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atronage and sycophancy, rather than intra-party democracy, iumphed while the Congress (I) struggled to find a new leader







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4 JUL 1991
B.P.T.R.I., MYSORE

LETTER FROM THE PUBLISHER

Now that the new government is in place, the first order of business on the economic front will be to regain our lost credibility.

Fortunately, for the first time, a consensus is emerging between businessmen and independent economists, and the bureaucrats in Delhi, on the need for a loan. There appears to be an emerging political consensus too.

One reason for the emerging consensus is the sensible realisation that the IMF is no bogey. It is an international multilateral institution. India is a member country, and having contributed to the capital is entitled, under certain conditions, to borrow from it. Quite frankly, there is no reason why borrowing from the IMF should be considered an act of bankruptcy or an act of national dishonour. Yet, more than just a few politicians have traditionally used the IMF as a whipping boy and portrayed the "conditionalities" as a white man's diktat.

The truth of the matter is that all the IMF insists upon, as bankers, that we make some attempt to manage our economy efficiently and live reasonably within our resources. Sensible advice that nobody can argue against. Except that our politicians take umbrage when non-Indians say this. When we look back some years from now we will wonder why we put ourselves in such a bind over a few billion dollars of foreign exchange. In the overall context of an economy of our size even $5 billion is not really a large amount. It only reflects the level of our economic (mis)management.

Do we have any options left but to take a loan? Certainly. We at *Business India* have long taken the view that since Independence we have needlessly treated foreign exchange like a sacred cow. It is quite simply a commodity, like many others, which has a value or a price to it. Our columnist Sudhir Mulji has also consistently argued for full convertibility of the rupee (remember, traditionally the rupee was the strongest currency in this part of the world). Not so long ago, he also advocated selling some of our gold — another commodity, albeit a valuable one — freely available at a price. It is now universally accepted that rigid exchange controls have only served to stunt our industry and our growth over the years. Everyone is agreed that there must be significant loosening up, but the only argument is that our economy will not be able to stand the shock. Of course, our Pakistani neighbours seem to have adjusted quite easily.

But the corollary to this route is the need to redefine economic self-sufficiency and independence. We strongly believe that self-sufficiency does not mean an isolated self-contained economy behind high walls. It simply means an ability to pay our way in the world and to be able to earn enough from exports of goods and services for all our foreign exchange needs. Only then can we, with pride, say we are equals amongst the other nations of an interdependent world.

Ashok H. Advani

From CD, a spray of colours and prints for the season

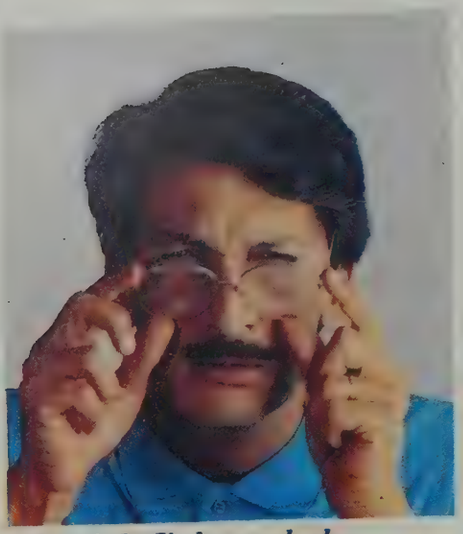


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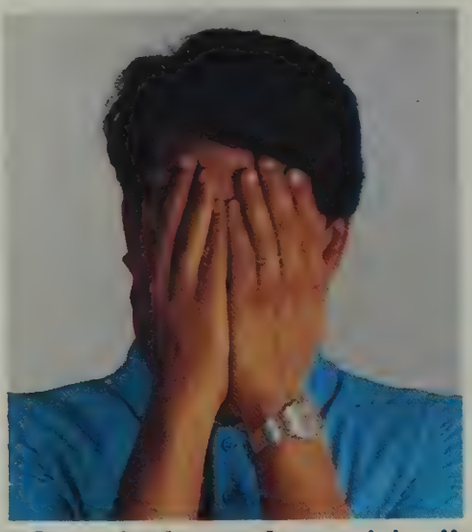
"Why did I ever lock my savings up?"



"Do I have a choice?"



"I thought the money was mine"



"I can't bear the waiting"

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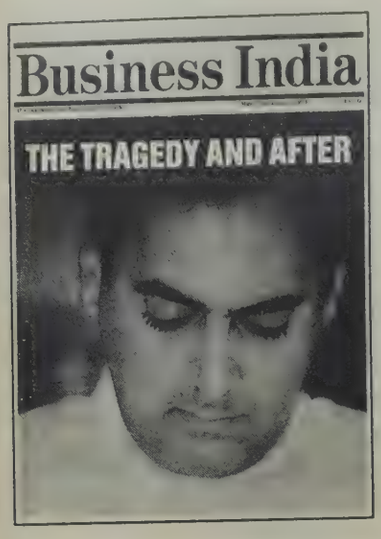
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BL/C/2



• Customer's role

This refers to the review of the book, 'The competitive advantage of nations' (Books, 18 March 1991). The most interesting point made by Porter in the book is the role of customers. Customers with sophisticated tastes, who do not compromise on quality, can put pressure on their suppliers to come up with better products and in the process upgrade their competitive advantage. In this context Indian consumers fare rather poorly. While the government rarely makes a scientific evaluation of supplies made by vendors, even private enterprises in our country generally do not blacklist erring vendors. Consumers rarely approach a consumer forum for redressal of their grievances. It is this combination of indifference and diffidence which allows our vendors to get away with shoddy products.

A.V. VEDPURISWAR
Hooghly

• Here's a suggestion

This refers to the item titled 'Capital fillip', (Listening Post, 1 April).

The guidelines of the Controller of Capital Issues need to be modified to cater to the needs of small investors. Many companies take a long time to dispatch refund orders to share application money. I suggest that instead of sending refund cheques, companies should credit the amount in the bank account of the applicants. This will ensure timely repayment of application money and eliminate the possibility of cheques being misplaced, misused or forged. It will also curb the malpractice of multiple applications by a single individual.

SANJEEV DABKE
Pune

• Success story

The article on Warana (Places, 15 April) made absorbing and instructive reading. Tatyasaheb Kore deserves all praise for transforming a dacoit-infested valley into a prosperous township. He brought agriculture-based prosperity to a barren village.

MAHANAND CHARATE
Belgaum

• Brilliant

Your Cover Feature 'A Business India Forecast — How 120 companies fared' was a brilliant piece of research.

RAVI PRATAP
Bihar

• RBI curbs

The Special Report on the recent RBI curbs (27 May) was both useful and topical. You have correctly pointed out, that even companies having an efficient flow of working capital funds would be hurt by the recent norms.

But what is surprising is that J.B. Chemicals will, in no way, be affected by the import curbs. This company is supposed to have a big import bill of around 60 per cent of its total raw material requirements exporting mainly to USSR.

Further, it's being rumoured that the RBI will devalue the rupee which should further hurt big raw material importers.

AVINASH GORAKSHAKAR
Bombay

• Credit card craze

I read with great interest the article 'Towards One India Card' (13 May). Credit cards have caught up in a big way, in India and this business is expected to cover, at the least, two million people as members in the next five years.

At present there are 500,000 credit card holders in the country. Canara Bank seems to be the leading issuer in the business with 150,000 CanCard holders. Dena Bank was the first to introduce farm credit card. An agricultural credit card holder is eligible for instant credit facility without going through the trouble of filling up forms.

N.K. BAKSHI
Bayana (Rajasthan)

• In memoriam

Your Cover Story (27 May) on Rajiv Gandhi's assassination raises issues that should cause us grave concern — the use of violence to settle political issues. Indira Gandhi's assassination in 1984, the killings of candidates in Punjab and violence during polling underscore this. Another issue is the growing dominance of caste, creed and religion in elections.

Instead, the current elections should concern themselves with inflation, population control, unemployment, poverty alleviation, balance of payments and technological progress. None of these is being debated in election campaigns.

Rajiv Gandhi's untimely death leads to a testing time not merely for the Congress party, but also for the country. We should resolve political problems through discussion rather than terrorism and liberalise the economy to achieve higher rates of growth. Only then, Rajiv's death will not have been in vain.

BILLU
Bombay

• Despite his shortcomings and weaknesses, Rajiv Gandhi was dynamic. Even the most elderly and seasoned politicians in the Indian political field did not have the capacity to match his courage, grit and dynamism. And, he commanded worldwide respect.

Violence was rampant in the states on the day follow the assassination. Should r mal life be disrupted every ti a leader dies? And, is this way we pay our respect to departed leader?

S. KRISHNA KUMAR
Hyderabad

• Let MNCs in

"ONGC: the price of excess' tempts to place the blame the flogging of Bombay H wells and consequent los production on S.P. Wahi (Pu Sector, 13 May). Flogging over production of crude at cost of gas has been the bar the ONGC since inception.

In the process it overloo all sane advice including f CFP associated with Bom High development s 1973-74. Even the Soviet U had never tired of telling ONGC to attend to its "dama wells". There is no alternati resting these wells now. Bu could more than make up such losses by injecting cor tition — parcelling out mammoth 500,000 sq km o Bombay High area to MNCs ing to bear risk capital in ex ration and bring in technology.

PADMA WAHEED
Faridabad

• Gateways to the UK

It has been wrongly menti in your magazine that Br Airways' flights out of India land only at London Gat from this summer (FY April).

British Airways instead c passengers travelling India, a choice of two gate into the UK.

We have introduced d non-stop flights from Del London Gatwick this sum but our daily, non-stop fl from Bombay and bi-we non-stop flights from Ma continue operations to Lo Heathrow.

RAYANA SEQUEIRA
British Airways
Heathrow Airport *London*

Geneva is not the only place for conventions.



Imagine that you alone are responsible for a high-level conference of staggering proportions.

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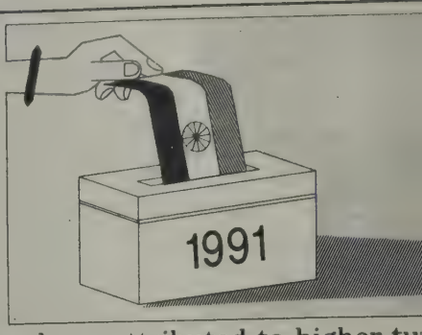
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The peace wave

It was not a sympathy wave and not an anti-establishment wave, but a peace wave. This was the most important factor in the recent general elections. With almost remarkable uniformity — and with dramatic impact in Assam, Bihar, Gujarat, Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal — the electorate has chosen to stay with governments that have given them peace in their neighbourhood and removed the governments that did not. The confrontationist Mulayam Singh Yadav and the rambunctious Devi Lal/Chautala combine have been sent packing.

The reason in retrospect is obvious. Without peace in society, a civilisation cannot progress. India has had more than its fair share of civic turmoil over the past decade. By the start of this year, it had reached the stage where it had become the most significant factor in people's lives over vast stretches of the country. As a result, the message given by the electorate was: give us security without tension in our daily lives and we will vote for you.

The first lesson for politicians coming from this is: the electorate is not interested in divisions between people. These do not make intellectual sense as overriding election issues and, as a result, do not win enough votes. People, in other words, are far more sensible than politicians think. This has been proven to be especially true in the rural areas. Madhya Pradesh is the clearest example of this.

The second "don't" for politicians: do not rely on an anti-establishment vote; Maharashtra and West Bengal have repeatedly demonstrated that people can become fond of a government that works. Where the government does not work, it has translated — as it must in a poor country — into civic disorder and, only thus, into anti-establishment votes.

There have undoubtedly been some exceptions to the peace wave. The improvement in Congress votes after Rajiv Gandhi's assassination has been attributed to higher tu outs by otherwise disaffected voters (particularly wome and sympathy. But the improvement was by no means ov riding or general.

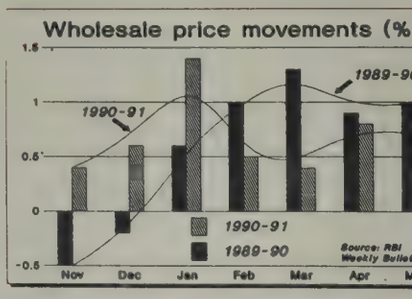
The other exceptions have been the continued support the Congress government in Karnataka despite riots northern Karnataka last year (although the BJP did well those areas) and the switch to the Congress in Orissa desp reasonable social order. But in the latter case, Biju Patnai erratic actions and pronouncements must not be forgotte

The message of the peace wave, though comforting in broad rejection of social and religious divisiveness, neverth less carries two striking messages. The first is that the pub votes according to the situation in its own back-yard and n necessarily on a party's performance on providing a peace environment at an overall national level — which could quite different. For example, the public in Maharashtra w willing to vote for the Congress without really worryi about its performance just south of the state border.

The second striking message is a dismal one. Forty-fo years after independence, the national situation still mands a consideration of personal security first. Oth pressing issues, such as how the economy ought to be tack or the size of education budgets, which are really what inf ence the quality of people's lives in the long-term must main on the sidelines.

This situation will continue until civic peace becomes norm rather than the exception it currently is. An advanta over the years until the next election is that each major po ical alignment has significant power at the state level a therefore an adequate opportunity to demonstrate its qu ties — provided at least one major group performs cons tently across the different states it rules in.

Buying time for restructuring



The slowdown in the inflation rate since January (*see chart*) suggests that the tight money policy is working; the slow but steady change from the huge parallel economy to a more monetised and organised one (thanks in part to incentives such as tax-free exports) has made the economy more susceptible to government policy. The other reason is, of course, that the tightening of money supply has been achieved by a particularly savage increase in statutory funds appropriated by the Reserve Bank.

In tightening money supply, the government has taken the risk that there will be significant economic disruptions es cially in the credit-dependent small-scale manufactur and exporting sectors. While it is too early to say whet growth will also slow down, the outgoing government ca least take the credit that apart from successfully cooling flation it has bought some time for restructuring the ec omy. Equally important, it has demonstrated the workabi of credit policy to foreign lenders.

But how should the economy be restructured? Restruct ing could mean anything from liberalising interest rate

massive privatisation. Pakistan has liberalised with a privatisation programme and simpler rules for foreign investment in equity. The early evidence suggests that there has been a net inflow of foreign exchange as a result.

The lesson for India should be that restructuring is a must. It is also urgent: the credit squeeze cannot be maintained at this level for more than a few months without leading to a severe recession. On the other hand, any relaxation of the credit squeeze without restructuring will mean a return to high inflation and other imbalances.

It is likely that a process of piecemeal liberalisation will begin in the financial sector — via floating interest rates (except for agriculture), private-sector access to mutual funds and foreign access to stockmarkets. But privatisation of the public sector, trimming the power of unions and exposing the private sector to world competition are unlikely.

Unfortunately, the problems of the economy lie precisely in those sectors where liberalisation is unlikely. Liberalising financial services is necessary but its goal should be solely to improve the access to financial resources. It cannot improve the productivity of the protected sectors in the economy.

Therein lies the political dilemma: a process of partial and gradual "managed" restructuring may not work while wholesale restructuring is a painful process which can even result in social upheaval if not handled correctly. It will require considerable political will and finesse if the economy is to be opened up fast enough to benefit from the time bought through tight credit.

The election results make the task more difficult. A majority party could have pushed reforms through Parliament in the knowledge that there was enough time for the benefits of reform to emerge before the next election. A minority government has no such security.

The world's economic scenario compounds India's problem. The recession in the developed world has led to reduced demand for, and lower prices of, the country's exports — as are witnessed by trends in the tea, aluminium and sugar sectors. True, imported capital goods have become cheaper, but the depreciation of the rupee has removed this advantage.

Then there is IMF, which has evinced a willingness to hold India's hand but only on a straight and narrow path. Some of its prescriptions, such as reduced government expenditure, will be consistent with the government's own ideas and may even allow for some of the political arrows to be deflected on to IMF. Other possible prescriptions, such as the taxing of agriculture, will be less palatable and will require considerable negotiating skills.

The situation requires a government with considerable integrity and political will to undertake the painful restructuring that is needed; a government with enough political finesse to handle two opposition blocs and win their consistent support for reform; and a government that IMF is comfortable with.

The crisis is daunting enough to make almost any politician grateful for sitting it out in the opposition for the next few years while the government sweats in the front benches. The manoeuvring that has gone on in the Congress as it plods its way towards a government is nothing compared with the negotiating skill that will be required in the next two years. As it makes its deals, the government ought perhaps to remember the decisive — if unpopular — short-term measures of the outgoing government that bought it some time.

Lessons from Bombay Hospital



Last month's fake soda bicarb scandal at Bombay Hospital, because of which at least one person died, saw the hospital at the receiving end of public flak. True, its sole supplier was an unregistered firm without a manufacturing licence. But, like the ten other hospitals that received the spurious drug from the same firm, it was constrained by the total absence of reputed suppliers (nine of the ten known suppliers are not listed in the Indian Pharmaceutical Guide 1990, which lists appoximately 20,000 drug companies nationwide).

This sounds paradoxical given that injectable soda bicarb is a low-tech product and cheap to produce. Further, a tablet version is made by a reputed supplier, Boots, which could easily supply the injectable formulation.

The answer to the puzzle lies in the controversial drug price control order (DPCO) which lists the product as a life-saving drug and controls its selling price. Since demand is limited (estimated annual sales are less than Rs.1 crore), the combination of simple technology and low prices has meant its production by a host of small firms whose quality standards are unknown.

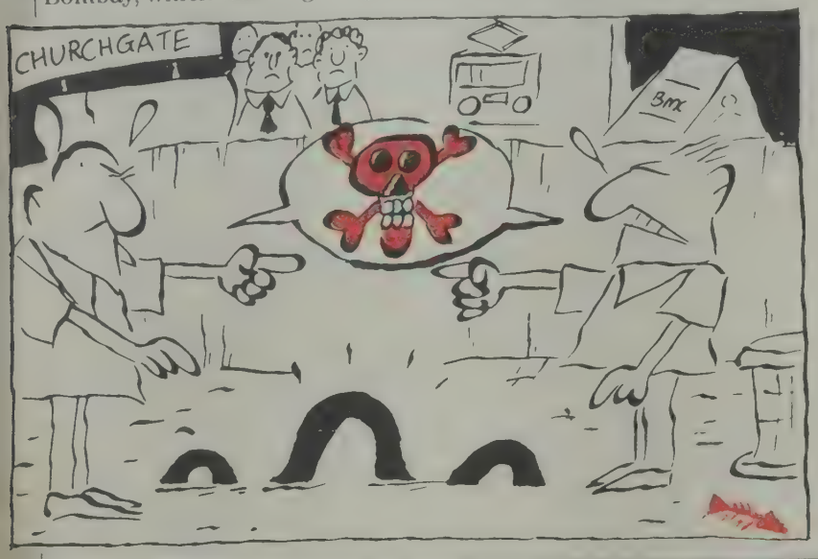
Guaranteeing quality under such a controlled regime requires an expanded and expensive quality control establishment. It may not even work, given that a firm's costs of controlling quality may exceed the controlled selling price.

In fact, there is a simpler way to guarantee quality given that reputable hospitals will always go for reputable suppliers even if its prices are higher. What is required, is an attractive enough price to attract good firms.

The DPCO's technique of looking only at manufacturing costs and the importance of a drug while determining its price is incomplete and it bears part of the responsibility for the tragedy. At the very least, any price control regime must consider the individual peculiarities of supply and demand. In the case of injectable soda bicarb, the situation clearly demands a more liberal approach to pricing the drug.

What's up at Churchgate?

There has been a hue and cry over the delay in the construction of the Churchgate subway in Bombay, which was originally scheduled to be ready at least a year ago. The inside story is very revealing. As the excavation progressed, a cable was discovered. While the BEST (electric supply) and the telephone department kept pointing to each other, the work came to a standstill for fear of it being a live cable. Eventually, it turned out to be a cable long replaced, redundant and dead.



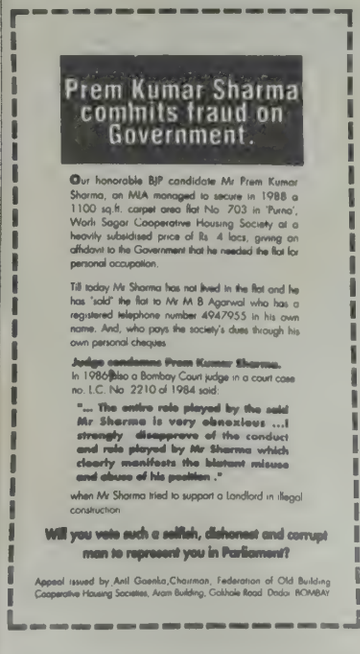
In the same excavation, the uncovering of a huge storm-water line called a halt once again as the administration and the contractor tried to settle the dispute of extra work involved and the consequent escalation of cost by Rs.18 lakh. Amazing, as it may seem, no one was aware of this line's existence and hence it had not figured in the original contract.

Excerpted from *Traffic Management — a long way to go* by P.S. Pasricha

Dirty linen in public

Electioneering advertisements took a vicious turn in Bombay last fortnight as two of the leading contenders for the south Bombay Lok Sabha seat launched an attack on each other through newspaper ads. While Prem Kumar Sharma, the Bharatiya Janata Party (BJP) candidate issued ads in which he said that Murli Deora the Congress-I candidate "spoke for 3 minutes in 15 months in parliament, distributes chocolates, ribbons and pencils, usurps credit for government work and runs errands for power brokers," Deora called Sharma a fraud.

N.R.
Bombay


Prem Kumar Sharma commits fraud on Government.

Our honorable BJP candidate Mr Prem Kumar Sharma, an MLA managed to secure in 1988 a 1100 sq.ft. carpet area flat No 703 in 'Purna', Worli Sagar Cooperative Housing Society at a heavily subsidised price of Rs 4 lacs, giving an affidavit to the Government that he needed the flat for personal occupation.

Till today Mr Sharma has not lived in the flat and he has 'sold' the flat to Mr M B Agarwal who has a registered telephone number 4947955 in his own name. And, who pays the society's dues through his own personal cheques.

Judge condemns Prem Kumar Sharma.
In 1986 also a Bombay Court judge in a court case no. I.C. No 2210 of 1984 said:

"... The entire role played by the said Mr Sharma is very obnoxious ...I strongly disapprove of the conduct and role played by Mr Sharma which clearly manifests the blatant misuse and abuse of his position ."

when Mr Sharma tried to support a Landlord in illegal construction

Will you vote such a selfish, dishonest and corrupt man to represent you in Parliament?

Appeal issued by Anil Goenka,Chairman, Federation of Old Building Cooperative Housing Societies, Aram Building, Gokhale Road Dadar BOMBAY



Foreign banks forge ahead

Nationalised banks have been cribbing about foreign banks taking away business from them for some time now. Much of it may be mere griping but not all. Recently published RBI data show that in the city of Bombay alone, the share of foreign banks in business has almost doubled in the past five years and the share of nationalised banks plummeted by 10 per cent.

From 49.76 per cent in December 1985, the nationalised banks' share in banking business in Bombay was reduced to 38.48 per cent by December 1990, while the foreign banks walked away with 16.60 per cent in December 1990 as against a mere 7.91 per cent in December 1985.

The benefit seems to have come mainly from technology which the foreign banks adopted wholeheartedly whereas the Indian banks are still dragging their feet — thanks to the government and the bank unions.

A.K.
Bombay

Voice mail

The Videsh Sanchar Nigam Ltd will shortly be introducing voice mail services which they claim is new concept in communication technology receive and store overseas calls.

The two chief advantages the facility gives to telephon users are that it can store information (it has a five minute capacity) and secon it can only be accessed by th user (it has a special code number).

The voice mail box can store up to six messages within five minutes. But in case your mail box is full ar more messages come in, the new messages are placed in separate area and come int your mail box when it has space. Hence you will not lo messages even if the mail b is full.

Says I.K. Agarwal, deputy general manager, marketing "The voice mail service will initially be started on an experimental basis and give free of cost to select leading companies. After that an amount of around Rs.4,000 per mail box per annum ma be charged." The voice mail system is awaiting government clearance however.

"We have spent nearly Rs.50 lakh on this system a will be able to provide membership to 200 subscribers at a time," adds Agarwal.

S.C.
Bombay

Business India invites readers to send original unpublished contributio to this page. The snippet can be humorous, insightful, outrageous or simply informative. Each snippet must carry this coupon.

Rs.50 paid for each published contribution.

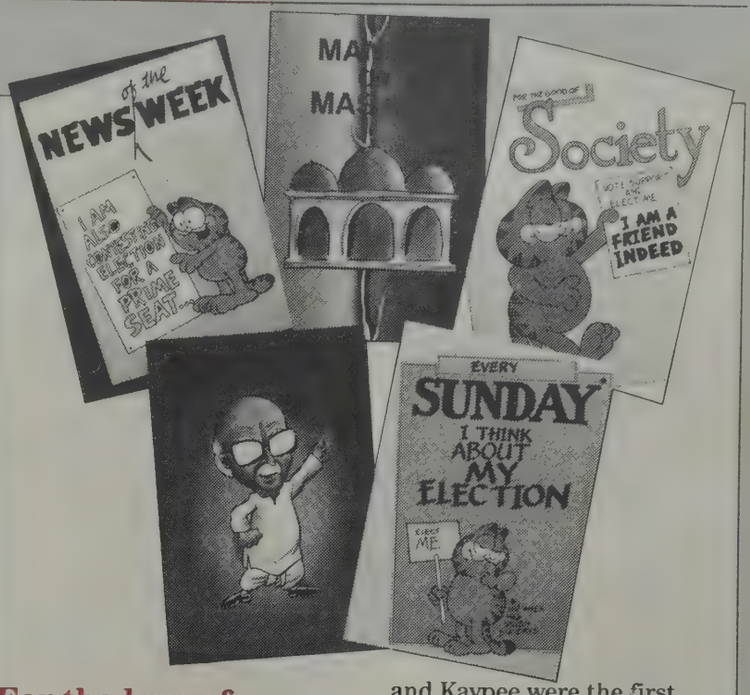
More power to cable operators

You must have heard about cable TV but did you know there was such a thing as cable power? Well, that's what some enterprising Calcutta youths decided to take up as a business venture. And thanks to frequent load shedding in the city, cable power is gaining ground.

When there's a power cut (using generator sets) these entrepreneurs can supply power to the residents for up to four hours a day. Payment is made on a per point basis and works out to approximately Rs.30 per point per month, whether one uses the facility or not. The points include lights, fans, and television. If you have a fridge it's slightly more expensive.

D.M.
Bombay





For the love of ....

"Ram and Roti
Forget everything
Only Think of me!"
Election Fever, Kaypee

News has acquired a new connotation — that of love. For the first time all kinds of greeting cards including romantic cards were sold under the series of 'election fever' and 'election special'. The two Delhi-based card manufacturers Dushyant's and Kaypee were the first card companies to cash in on the elections. While the former combined election manifestoes with the names of leading news magazines such as *Society*, *Sunday*, *News Week*, etc, the latter took off on controversies 'Mandir or Masjid?' 'Ram and Roti'. Apparently both manufacturers did good business.

M.S.
Bombay

One up for Pakistan

India has been talking about economic liberalisation for long. There are controls on who should enter which industry and when (licence Raj) and or how much may be spent on imports and exports. On how much foreign exchange (FE) one can take outside the country and how long one can keep it when one returns. Holding any FE beyond these limits is a crime.

But while we are still talking of liberalising, Pakistan has stolen a march over us.

The Pakistani finance ministry has brought out the following reforms.

- There are no restrictions on resident Pakistani, non-resident Pakistani or foreigners for bringing any foreign currency into Pakistan, possessing or taking it abroad. No currency declaration is required on entry into Pakistan.
- All resident Pakistanis can maintain foreign currency accounts with banks in Pakistan. Such accounts can be fed by foreign exchange in any form including FEBCs, remittances from abroad, TCs, bank drafts or currency notes. No question shall be asked about the source of such funds. Transactions through this account can be made without any prior permission of the State Bank of Pakistan for remittance abroad or for conversion into local currency.
- Loans in local currency can be obtained against the credit in foreign currency accounts.
- Non-resident Pakistanis and foreign investors are permitted to invest in the share capital of companies listed on the stock exchange by payment in foreign exchange. Remittance of principal and dividend against such shares will be allowed without prior permission. However, capital gains tax will be payable if applicable under the rules.
- Government is issuing Dollar Denominated Bearer Certificates on the pattern of FEBCs. These certificates can be purchased by any resident Pakistani, non-resident Pakistani or other foreign investor against payment in foreign exchange. These dollar denominated bearer certificates can be encashed in foreign exchange or local currency. Profits will also be payable in foreign exchange or in rupees at the option of the bearer.
- Foreign exchange is available to Pakistanis for the following purposes:

(*a*) There is no limit for membership fees of educational, technical and professional organisations.
(*b*) Remittance for correspondence courses abroad is allowed freely by the banks.
(*c*) There is no limit for payment of fee for examinations abroad.
(*d*) For undergraduate education abroad there is no restriction on the types of courses or the educational institutions.

- Arriving passengers in Pakistan can pass through the customs green channel without customs check, if they do not have any dutiable goods to declare. Custom officials will check upto 5 passengers on each flight at random who pass through the green channesl.

Excerpt from *the Press conference on 7 February 1991*

To the average person, he is a social outcast.



To a Lion, he can return to a normal existence

He had leprosy, and society made him an outcast.

Like so many others, even his family rejected him.

Long after he was completely cured.

And the social stigma remained.

What he and 4 million other patients in India need, is help in the form of medical assistance and moral support.

And more importantly, the chance to relive their lives — without the stigma.

After all, both leprosy and the stigma attached to it, can easily be eradicated. Through a mass awareness and rehabilitation programme.

But not all understand this.

That's why it has always taken a special kind of person to be a Lion.

Special men and women who share a common concern. A concern for the society in which they have succeeded.

Who realize that beyond the achievements of everyday life is that most elusive object: inner satisfaction.

And who have come together to touch the lives of others less fortunate than themselves.

Needless to say, people like these aren't many.

After all, if everyone in the world had the vision of a Lion, there wouldn't be an average person.

Millions of people make up this wo
But just a few shape it.

LIONS CLUBS INTERNATION

If you wish to extend support to this national cause require more details about Lions Clubs and its activ please contact the nearest Lions Club in your are

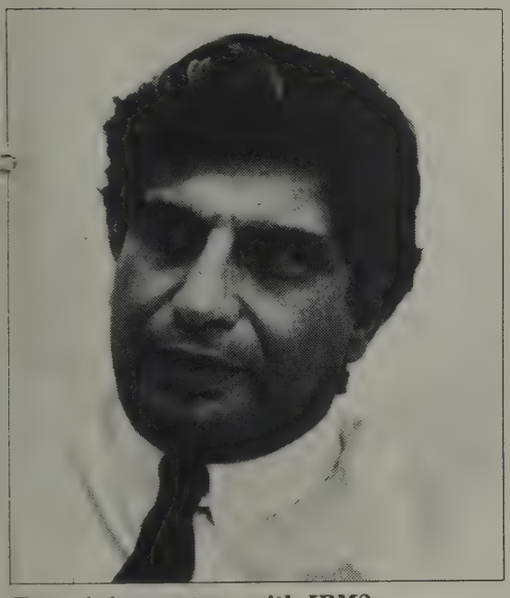
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Karishma/LCI/4/

Big Blue is coming back

Large multinational companies from the US and Europe are again showing positive interest in making large investments in India. Close on the heels of Hewlett Packard tying up with HCL, IBM, the largest computer company in the world, is planning to come back to India.

According to reports, it is tying up with the Tatas for a joint venture to manufacture their PS/2 systems in India. Apparently, Ratan Tata will be floating a new company to participate in the joint venture since almost all his electronics companies already have a tie-up with various international corporations.



Tata: joint venture with IBM?

IBM has decided to pitch in their lot with a 40 per cent equity stake in the new company. Though the tie-up is yet to be announced, IBM is only waiting for the new government to be in place before the announcement is made.

A fashionable move

The multinationals from Europe are not far behind either. After Chandra Industries signed an agreement to manufacture Pierre Cardin fashion garments in India, Delhi-based Stencil Industries has teamed up with Lacoste of France to make their brand of shirts and T-shirts in the country. A formal announcement, again, will come after the new government takes charge at the Centre.

PNB ventures into factoring

The Punjab National Bank, one of the five largest public sector banks in the country, has shown increased profits this year. However, what is important is that the bank has finally decided to get into the factoring area. Later this year, the bank will be floating a new subsidiary, its third, in collaboration with SIDBI and some other north Indian banks for debt collection. The other banks, which will participate in the company, are yet to be identified, though it seems that the likely partner would be the Punjab and Sind Bank Ltd.

Selling credit

Citibank is trying out some new avenues for marketing its credit cards. It is trying to tie-up with Housing Development Finance Corporation (HDFC) to market them to HDFC's list of clients. Since the creditworthiness of HDFC's clients is excellent, Citibank hopes, they are good potential customers for their credit card.

Similarly, Citibank has also come to an arrangement with Real Value (P) Ltd (the makers of Ceasefire) for marketing their credit cards. Real Value has a 70-branch network and a team of 700 salesmen. Real Value itself has recently had to cut back drastically on production (sales have dropped to 45,000 pieces a month from 65,000 earlier) and its sales force (from 1,000 to 700). May be the tie-up with Citibank will help them better utilise their work force.

Second thoughts on the cup that cheers

The tea king B.M. Khaitan and the coffee giant Nestle's plan to form a joint venture to manufacture soya-based products seems to have fallen through. The two together wanted to set up a Rs.70-crore project in South India about a year ago. But with the failure of Nestle's packaged tea "Taster's choice" to grab a significant share of the market, the Khaitans are believed to be reconsidering their tie-up plans with Nestle.

Is it that the marketing savvy that makes Nescafe the largest selling coffee in the world cannot be transferred to tea? Or is it that coffee drinkers just do not drink tea!

A new epidemic

With the extremely tight money position, the private-sector leasing and finance companies are going to be squeezed very hard.

To start with, most banks have already served notice that they will charge them much higher rates. Now the next blow is the news that the financial institutions, who are scrambling for funds themselves, are not making any new commitments to give long-term funds to these companies. At the same time their customers, faced with sharply increased finance costs, are slowing down taking loans.

Will there be a new epidemic of sickness in these companies too?

An image booster

In recent times, much ado has been made about India's poor image in international financial circles, what with its credit ratings falling and all that. But perhaps not everybody thinks the country to be a bad risk, if the decision of the International Finance Corporation (IFC) Washington, is any indication. The IFC has decided to invest $25 million (Rs.50 crore) in the equity of various Indian companies. The Industrial Credit and Investment Corporation of India, (ICICI) one of the three premier term-lending institutions in the country will make the investments on behalf of IFC and manage the portfolio as well.



ICICI: will manage IFC (W) portfolio

While the money has been received by the ICICI, the IFC will make the final decision as to the companies to be invested in, and approve them on a case-to-case basis.

KCP

Stalemate still

Things are back to square one at KCP Ltd, a major manufacturer of cement and sugar machinery based at Madras. Its heavy engineering unit at Tiruvottiyur in Madras has been under lock-out since 30 October 1990, (see *Business India*, 12 November 1990) following disagreement over a charter of 31 demands presented by the labour union at the time of wage negotiations in May 1990.

However, a solution seemed in sight when the government issued an order in May this year to lift the lock-out. The management had complied, but its 525 workmen refused to resume duty. "Their main objection related to 20 workmen, who have been chargesheeted. The order allows for the non-entry of these workmen, and until the enquiry is completed, they will not be admitted," maintains V.L. Dutt, chairman and managing director of the company, who is determined not to budge on this issue.

Once the charter was presented, minor skirmishes between the union and management followed, and the workers struck work from 26 October to protest the transfer of a worker to a different department. Protracted discussions involving the state labour department followed the clamping of the lock-out. The talks failed and the charter of demands, pruned to 20, was handed over to a tribunal in April 1991. And the union and the management were ordered, under section 10B of the Industrial Disputes Act, to resume production.

However, the union had not counted on the government order, to exempt the suspended workers from entering the factory. Therefore, a decision to strike was taken at a general body meeting of the union, and the workers abided by this decision, by staying away.

"Since the charter of demands has been referred to a tribunal, the workers do not derive any immediate benefit. "At this point, we cannot ignore the cause of the suspended workers and resume production," explains S. Paramasivam, president of the KCP employees union. Further, the government order does not place an obligation on the management to pay wages for the period under lock-out, and this rankles. "The union plans to go to court against the government order, once the Madras high court reopens after its summer vacation in June," he adds.

Order position good. Strangely, the continuing impasse has not had an impact on the order book position of the engineering division, due to KCP's reputation as a quality manufacturer. In September 1990, the order book position stood at Rs.57 crore. Though in the interim, the company has executed only Rs.16 crore, by sub-contracting, between October and April 1991, they have got an additional Rs.66 crore of orders. "An important fall-out of this labour wrangle is that KCP will henceforth depend on sub-contracting to a greater extent, while simultaneously beefing up the quality aspect. The core equipment, however will be manufactured at Tiruvottiyur," says Dutt.

Given the boom in sugar and cement, the lock-out has not had an impact on the overall performance of the company. During 1990-91, KCP's turnover (unaudited) touched Rs.134 crore, with a net profit of Rs.7.98 crore. The management has the staying power, and is prepared to wait. The stalemate it seems, will continue, at least until a new government is ushered in.

■ DHARANI K. PANI

MALCO

Fighting to stay on

A sense of *deja vu* prevails at the Madras Aluminium Company Limited (MALCO). For the second time, the threat of closure looms large (see *Business India*, 26 June 1989). The Board for Industrial and Financial Reconstruction (BIFR) issued its first show-cause notice in November 1988 after MALCO was unable to convince the state government of the need to step up power supply to the plant. Their second show-cause notice (5 June 1991), maintains that MALCO is not a viable proposition. Its smelter capacity of 25,000 tonnes a year, is considered "sub-optimal" (most aluminium companies have a smelter capacity of 100,000 tonnes a year). A more serious one here is that of power availability in power-starved Tamil Nadu.

The squabble. MALCO was set up in 1960 by R. Venkataswamy Naidu, brother of R. Ramakrishnan, the present chairman and managing director. And Ramakrishnan's son, R. Prabhu is a former Congress (I) minister of state for fertilisers. The seventies saw a protracted legal battle with the Tamil Nadu Electricity Board (TNEB) over payment of arrears of up to Rs.20 crore, with MALCO contending that TNEB had overcharged them to the tune of Rs.42.5 crore over the years. This came to an end in March 1991, with the Supreme Court ruling that MALCO had to pay TNEB at the prevailing tariff rates for aluminium companies. TNEB in turn was asked to ensure supply of 47 MVA of power.

Taking off from the SC judgement, the BIFR in April 1991 pronounced MALCO unviable at the present tariff rate of Rs.1.29 per unit of electricity. Company sources, however, maintain that MALCO can be revived. "To set up a unit of this capacity will cost Rs.360 to Rs.450 crore. MALCO can be revived by investing a mere Rs.20 crore," they maintain.

The winding up notice has revived rumours of a takeover. The Government of India is keen on setting up four export-oriented alumina plants. The parties interested in these projects are reportedly, Essar Gujarat, L&T, Birla Technical Services and Tatas. The prevailing opinion is that "any of these parties could be interested", since MALCO, over the past two years has concentrated on the production and export of alumina — an intermediate product in the production of aluminium which is not power intensive. Though a crash in the international prices of alumina has made exports unremunerative, MALCO is still a tempting buy.

Staying power. Company sources maintain that "no takeover can come about without the support and goodwill of the promoters and collaborators" Currently the Italian collaborators Montecatini Edison hold 26.6 per cent of the equity, the promoters and their associates 25 per cent, the Tamil Nadu Industrial Investment Corporation Limited (TIIC) 10 per cent and the remainder is held by banks, financial institutions and the public. As long as the Italian collaborators support the promoters, MALCO will be relatively safe from marauders.

The management plans to submit its revival proposal to BIFR shortly. Now that the DMK is routed and that R Prabhu has emerged victorious in his constituency — the Nilgiris — if political clout matters in business, MALCO has a good chance of getting back on the rails.

■ DHARANI K. PANI

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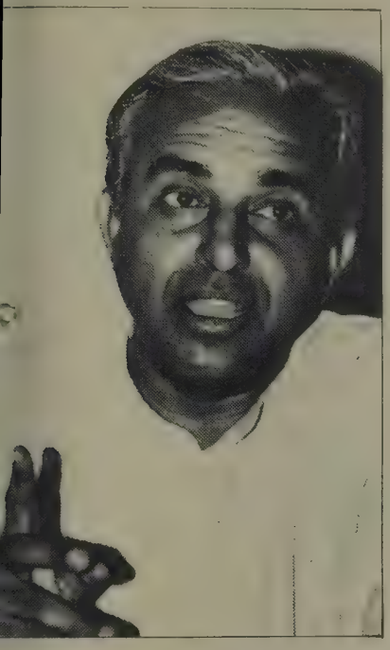
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ECONOMY

Exports to USSR disfavoured

The Soviet Union has failed to pay Rs.2,000 crore for goods purchased this year. The USSR is also apparently unwilling to adjust this payment against imports of defence items from India.



Commerce minister Subramanium Swamy says that value-added item exports to the USSR are proving a 'drain' on the country's exchange reserves and the government now plans to discourage such exports.

Japan extends loan

Japan has granted an additional loan of Rs.300 crore and a debt relief grant amounting to $ 3 million. The loan is to cover the refinance extended to subborrowers by the Small Industries Development Bank of India (SIDBI) for developing small industries. This constitutes the third phase of Japanese support for SIDBI programmes.

Reversal in trends

Exports to rupee payment areas which went up by 49.6 per cent in dollar terms during April-August 1990, has since dropped to 6.3 per cent. On the other hand, exports to the general currency areas has increased to 9.6 from 8.8 per cent in the earlier period. This reversal in trend is attributed to measures taken by the government to push exports and curb imports.

CCS rate raised

The cash compensatory support rate for exports to general currency areas has been raised while exports to the Soviet Union will continue at old rates. This change is expected to step up exports of agricultural and marine products. Spices, processed food, dehydrated fruits and vegetables and leather goods are among the items included in the list of items eligible for CCS benefits.

Foreign trade surplus

For the first time in the last 50 months, the Union commerce ministry announced a foreign trade surplus of Rs.135 crore for April 1991. While exports were worth around Rs.2,950 crore, imports were only Rs. 2,815 crore. This surplus is attributed mainly to the efforts of the commerce ministry in containing the trade deficit at Rs.10,000 crore as against the expected Rs. 140,000 crore for this period.

CMIE study

A Centre for Monitoring Indian Economy (CMIE) study titled 'Public sector in the Indian economy' says that the public sector has drawn heavily on the surpluses of the private sector for capital formation.

While the average gross saving rate doubled from 10.3 per cent to 20.6 per cent, the public sector's contribution was only 5 per cent of additional saving.

WB loan for India

India's efforts to promote environmentally sound industrial developments has been given an additional boost by the World Bank and its affiliate — the International Development Association. The two organisations have together sanctioned a loan of $156.6 million. This loan will be used to finance a programme designed to reduce pollution caused by chemical industries.

Credit relaxation mooted

The Orissa Industries Federation (OIF) has urged the RBI to relax the credit squeeze on small scale industries. Any form of transfer of loan accounts from one bank to another has been banned and a blanket prohibition has been placed on any new proposals from any company till further notice.



Export incentive schemes

The department of electronics has made some major changes in its proposed scheme for partial internalisation of foreign exchange requirements of the electronic sector. In the revised scheme, provisions have been made for grant of additional electronic REP licences of 45 per cent of the f.o.b. earnings to exporters as against the 30 per cent suggested in the draft scheme. This scheme, designed at making the electronic sector a net foreign exchange earner, will result in transfer of some profits from domestic market-oriented units to exporters.

Import entitlements cut

In another bid to restrict imports, the government has further tightened procedures for issue of automatic as well as supplementary licences. A 15 per cent cut has been enforced on the import entitlement of all actual users against their licences for raw materials, components, spares and consumables.

These licences will enable actual users to meet part of their import requirements of limited permissible and restricted items. This cut has been only effective in the import entitlement of actual users manufacturing automobiles, electronics and consumer durables.

EC exports decline

Indian engineering exports to the European Community (EC) have registered a 2.5 per cent decline. Exports amounted to ECU 301.88 million in 1990 compared to ECU 309.82 million in the previous year.

A study conducted by the Indian mission to the EC shows that India has lagged way behind countries like China, Brazil and Romania in the utilisation of the General Preference Scheme (GPS). The low

utilisation of the GPS reflects the poor competitiveness of Indian products.

FE against LCs

Foreign banks operating in India have expressed their willingness to advance foreign exchange against export orders to be executed over the next six months. The procedure will entail a leading foreign bank to sign an agreement with a local business group on pre-payment of proceeds from exports to be made against opening of letters of credit (LCs). Though this initiative relates to merchandise exports, the banks are also examining the forfeiting of deferred payment exports.

IOC to the rescue

India will get a 180-day credit from international oil suppliers to buy its quota of crude oil and petroleum products for 1991-92 was thanks to the efforts of Indian Oil, the canalising agency for oil imports. Indian Oil has also succeeded in getting Rs.300 crore from the Asian Development Bank for meeting the foreign exchange requirement for oil imports. This facility will help honour the commitment for supplies made in the last two months.

CORPORATE

LML to return deposits

Lohia Machines Ltd has given an undertaking to the National Consumers Disputes Redressal Commission to submit, within a month, a scheme for repayment of deposits made at its offices for booking LML Vespa scooters. The 350,000-odd people who made the deposits have neither been supplied scooters, nor have their money been returned.

EIL bags contract

Engineers India Ltd (EIL), a public sector company, has bagged a contract worth $17



million for providing services for a $2 billion petrochemical complex in Iran.

The complex consists of a naphtha cracker and 18 other process plants. As managing contractor, EIL will provide project management and coordination services, quality assurance, assistance in inspection, testing precommissioning and commissioning of various plants apart from others.

MUL expansion

The first phase of the Rs.1,000-crore expansion plan of Maruti Udyog Ltd (MUL) has been cleared by the industry ministry.

Phase I involves investment of Rs.441 crore which will enable the company to increase production by 70,000 units. This includes production of a new model which will be primarily for exports but will also be sold in the domestic market. The rupee component of the investment is proposed to be raised through internal generation while the foreign exchange component will be financed by external borrowings. There will be no government support.

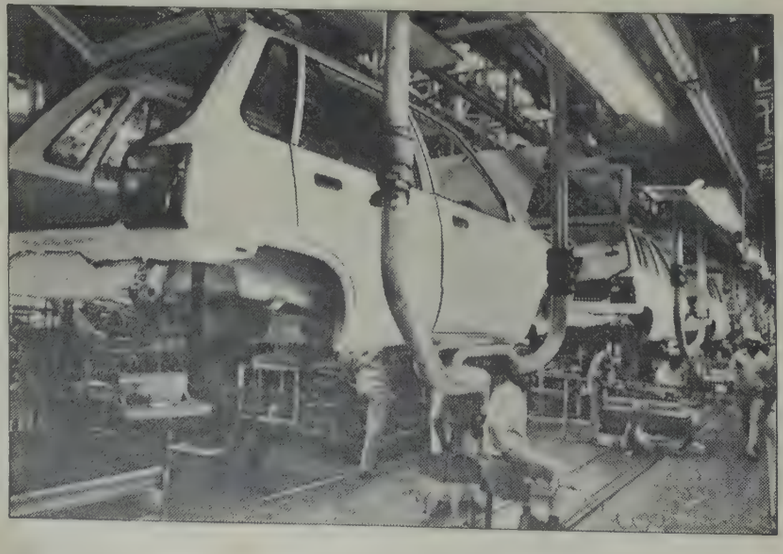
New Canara Bank subsidiaries

Canara Bank has received clearances for floating two new subsidiaries. Andhra Bank and SIDBI will be the partners for one of the subsidiaries which will deal in factoring services and will begin operations in a couple of months. The other subsidiary will manage the credit cards business and travel-related services like travellers' cheques, air/rail/hotel rooms bookings, car rentals, etc. The bank is also planning to take over the Kerala-based Lord Krishna Bank Ltd for which government approval is awaited.

Export cartel

Three soda ash manufacturers, Saurashtra Chemicals, Tata Chemicals and Gujarat Heavy Chemicals Ltd (GHCL) have formed an export cartel. An agreement formalising this was signed in November 1990, according to which the manufacturers will form an export fund through a contribution of Rs.100 per tonne of soda ash produced. On a total production capacity of 4,000 tpd, this would result in an inflow of about Rs. 15 crore to the fund. The money will be utilised for subsidising lower-price realisations on exports. Currently, the price-difference between domestic markets and exports is about Rs.1,400 per tonne.

The accounts of the fund will be managed independently by A.F Fergusson and the money will be deposited in a Bombay branch of the State Bank of India.



IDI sets up subsidiary

Indian Dyestuffs Industries Ltd has set up a fully-owned subsidiary called IDI Europe Ltd. The UK-based subsidiary will begin as a trading outfit and will help IDI strengthen its presence in the European common market.



Currently, IDI exports dyestuffs worth around Rs.16 crore to Europe. The company will plan additional investments in IDI Europe after the export-turnover to the continent doubles.

Pierre Cardin in India

Chandra Industries has concluded an agreement with Pierre Cardin to manufacture, market and export fashionwear and accessories in India and abroad. A new company, Pierre Cardin India, has been incorporated for this purpose.

The first factory of the new company will be set up in Pune and more units will follow throughout the country. The

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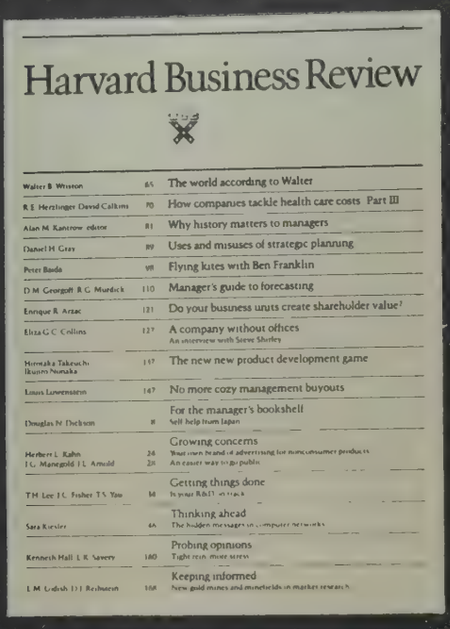
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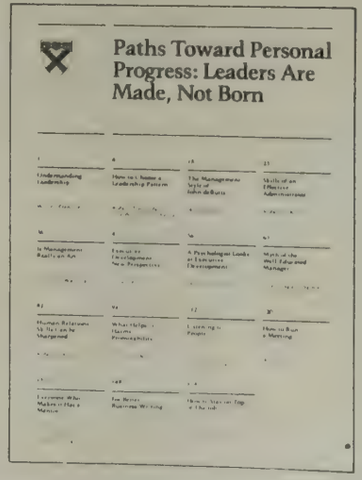
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ompany plans to produce 00,000 pieces in the first year nd increase production by 25 er cent every year. A major ortion of the production will e exported.

Tata unit shuts down

he export division of the Taj rade and Transport Co Ltd TTTL) of the Tata group has een shut down. The division perated three leather garents manufacturing units in ew Delhi. The decision was aken reportedly due to heavy ancellations of export orders nd huge stocks of unexported inished goods. Over 230 emloyees have been affected by he closure.

TTTL also functions as a ravel agency for the Taj group f hotels, has a car-rental busiess and operates pastry shops n various Taj hotels. These oprations of the company will ontinue.

NDUSTRY

Garment quota up

t the "Partners for Progress" nport fair held in Berlin reently, orders worth DM 36 milon were placed with Indian xporters. The garment import uotas granted for Germany by he EEC for this fair were to the ne of around DM 400 million. he quotas made available to dia went up by 30 per cent. dia was also the largest parcipant at the fair, with over 0 exhibitors.

ea import criticised

he United Planters Associaon of Southern India (UPASI) as opposed the campaign by ome multinational interests" import tea into India, suposedly for value-addition and -export.

According to the UPASI, the ex body of the South Indian anters Association, import of a is not called for as India is e only country that produces l types and varieties of tea. Further, such imports would also affect the balance of payments position.

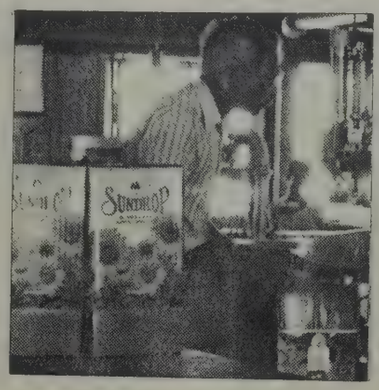
Snag in diamond export

Modern machinery used by diamond cutters in India should enable them to get 30 per cent finished diamonds out of roughs. But a recent study conducted by R.V. Shukla, joint industries commissioner of Gujarat, has shown that only 18 of this 30 per cent makes its way to the export market. No one really knows what happens to the remaining 12 per cent of diamonds, worth around Rs.600 crore annually. Shukla has asked the Central government to investigate into the matter.

Edible oil units hit

As a result of the credit squeeze, vanaspati and edible oil units have turned to non-banking sources as well as to suppliers credit for funds. The cumulative stocking period for raw materials, especially for the vanaspati units is about 30 days. Adding to this the processing period and the stocking period of finished goods, the stocking cycle works out to roughly 45 days. The gap can now be financed only by resorting to non-banking sources.

Prices of edible oil have shot



up, a situation worsened by the government's failure to import edible oil to meet the demand.

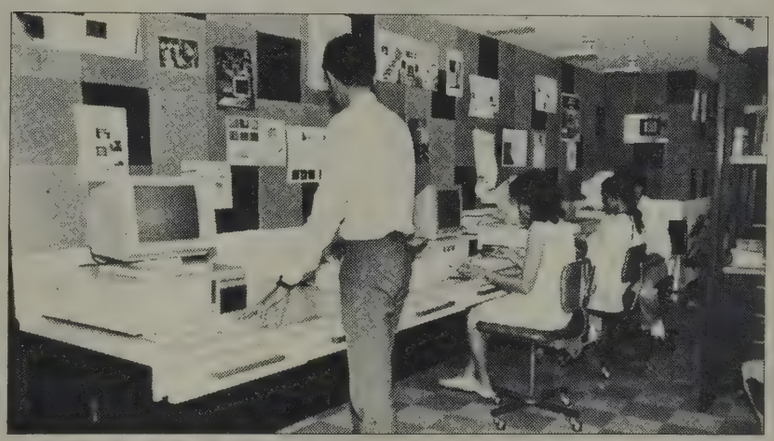
More computer institutes

A study by the Manufacturers Institute of Information Technology (MAIT) says that nearly 300 new computer training institutes were opened in the year 1990-91. The total number of institutes is now 700.

The computer training industry earned Rs.85 crore in 1990-91, a growth of 70 per cent over the previous year's figure of Rs.50 crore. This brings the share of the training industry in the total revenue of the computer industry to 4 compared to last year's 3 per cent.

Information network set up

The Steel Authority of India (SAIL) and the Technology Information Forecasting and Assesment Council have jointly set up a networked system to provide information on technology areas with reference to ferrous metallurgy technologies. This system has been set up at the Research and Development Centre for Iron and Steel at Ranchi, and aims at integrating information already available with government departments,



institutions and research and development agencies.

New coal mines planned

Nine new coal mines are to be opened at Nagpur, Wani, and Patherkheda areas within the western coalfields during the Eighth Five Year Plan. The new projects, primarily intended to meet the coal requirements of the industrially developed eastern and southern regions, are expected to yield more than 1.82 million tonnes of coal. The growth in coal production in the current year is estimated to be 7.2 per cent.

DIARY

EVENT/VENUE/DATE	ORGANISER
Seminar on Production Planning and Control at the Centre's campus from 1 to 6 July	Tata Management Training Centre, Pune 411 001 Tel: 660141
Seminar on Management and Marketing of Services (Travel Tourism Sector) at Welcomgroup Maurya Sheraton, New Delhi from 8 to 10 July	International Management Institute, B-31/b Kailash Colony, New Delhi 110 048 Tel: 6439080
Seminar on Working Capital Management at Hotel Harsha, Bangalore from 15 to 19 July	Management Development Institute, Post Box No. 60, Mehrauli Road, Gurgaon 122 001 Tel: 22117

LABOUR

New wage package demanded

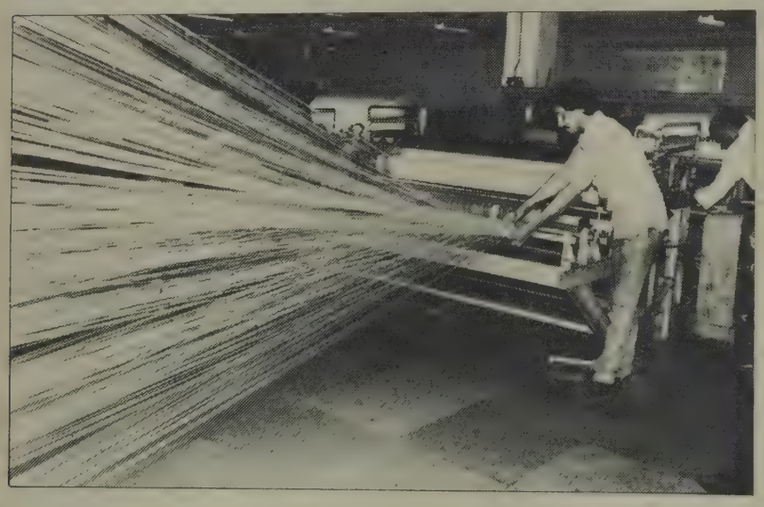
Textile workers in Tamil Nadu are pressing for an immediate decision on a new wage package. Led by various trade unions, the massive work force has been campaigning through the entire state for a revision and restructure of their pay scale.

Labour unions claim the absence of a wage structure has resulted in textile workers being deprived of increments and dearness allowance to match inflationary trends. About 252 mills in the state currently operate without a guided wage structure.

Workers' takeover

The Birla-owned Sirsilk Ltd at Sirpurkagaznagar in Andhra Pradesh, under lock-out since 1985, might be re-opened. The AP government has agreed to waive loans and arrange for the transfer of its share holdings to a workers' co-operative society at a nominal price of Re.1 per share.

The state government's decision, however, is subject to the condition that financial restructuring takes effect only after the rehabilitation of the company, and commercial banks agree to the proposed re-opening of the factory by sanctioning the required finance. This is the first time that a workers' co-operative is being facilitated to take over and run a large-sized sick industrial unit in the state.



2 July as Solidarity Day

Public sector workers will observe 2 July as All India Solidarity Day in honour of Dalla cement workers in Uttar Pradesh. The committee of public sector trade unions said this was to condemn the brutal firing on Dalla cement factory workers last week by the UP police, resulting in the death of many workers.

The committee has demanded an immediate judicial enquiry into the firing and also payment of compensation to the families of the killed workers and those injured in the firing. About 500 workers of Dalla cement factory are also protesting against the UP government's decision to hand over three state-owned cement undertakings at Dalla, Chunar and Churk to the Dalmias.

Dairy workers' kids agitate

About 200 children of dairy workers employed in the Maharashtra state government's milk scheme led a morcha in Bombay to demand that the plan to hand over the scheme to private co-operatives be scrapped. Some of the workers along with the office bearers of the Bombay Milk Scheme Workers Action Committee took the opportunity to assail the state government's plan.

No-salary month

The workers of the locked-out Buckingham and Carnatic Mills (B&C) did not get their salaries for the month of May. The management informed the Madras high court that it would be unable to pay the salaries for May due to lack of funds. W.R. Varada Rajan, leader of the CITU union, however, dismisses the management's claim of 'lack of funds'.

LANDMARKS

Appointed, A.C. Shah, chairman and managing director, Bank of Baroda, to the board of directors of the credit card giant Visa International, Asia-Pacific region. Visa International is owned by 21,500 financial institutions worldwide and is managed through a 21-member board of directors.

Appointed, Air Marshal N.C. Suri, vice-chief of air staff at Air Headquarters, as the next chief of air staff. Suri, who was commissioned into the Indian Air Force in 1952, has held several important appointments including that of director of air defence and director of air intelligence at Air Headquarters.

Reconstituted, the Company Law Board as of May 31. The new chairman is S.P. Upasani. The other members are A.M. Chakraborti, C.R. Mehra, K.K. Dhar, S. Balasubramaniam and A.R. Ramanathan.

Named, three Indians, Baba Amte, Biplab Bhushan Basu and M.K. Ranjitsinh among 48 individuals and organisations worldwide for the United Nations Environment Programme's roll of honour for environmental achievement in 1991. While Amte was recognised by UNEP for his Anandwan concept for resettlement of leprosy victims, Basu founded the Young Scientists Society in Calcutta in 1964, which since then has been promoting scientific and environmental awareness among villagers in West Bengal. Ranjitsinh, an additional secretary in the department of environment, has been instrumental in planning and developing new natural parks and sanctuaries in India. As the regional advisor to UNEP, he has helped natural conservation in Thailand and Bangladesh.

Commissioned, the first Indian-built, fast attacking missile boat, INS Vibhuti, built by Mazagon Dock Limited, Bombay, with technical collaboration from the Soviet Union, by Vice-Admiral S.P. Govil, vice-chief of naval staff, at the naval dockyard. The ship, among other things, is equipped with special facilities to remain in a nuclear fall-out zone for a few hours without endangering the personnel on board. It is the fifth in its class belonging to the 22nd Missile Squadron of the Indian Navy.

Died, Ramaia Naidu, Asia's first nuclear physicist and father of noted actress Leela Naidu, at 87. Naidu worked under Madame Curie and studied nuclear medicine in the US. One-time personnel director at UNESCO, he received a BARC award recently for being the first Asian scientist to specialise in nuclear medicine.

Swissair Customer Portrait: Harry Singh and family, Industrialist.



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SHASHIDHAR PATIL

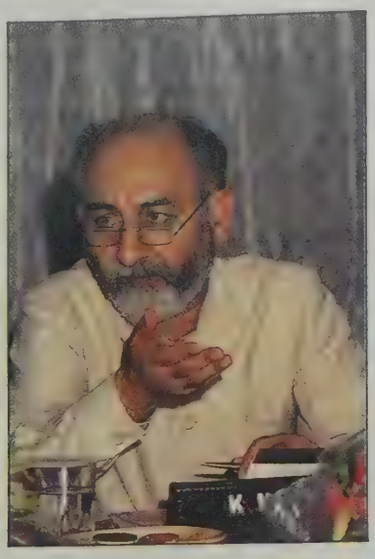
Four-year-old Bangalore-based Basant Tiles Pvt Ltd has entered a new area of marketing: export of granites. It recently bagged an order for two containers of granites valued at $15,000 to the US. Says Shashidhar Patil,



managing director, Basant Tiles, "It's a major breakthrough for us. More orders are expected soon." Efforts are on to secure export orders from Germany, the Middle East and Australia.

K.N. BAKSHI

Though Austria has a small population of 7 million, every year around 16 million tourists visit the country. "So," says K.N. Bakshi, the newly-appointed Indian ambassador to Austria, "there is a great opportunity to cater goods and services to a market much bigger than that of the country's population." India could also use Austria as a base to establish ties with eastern Europe, he adds. Traditionally, embassies have tried to strengthen political and cultural ties and paid little or no attention to business. Bakshi, who was India's ambassador in Iraq when the Gulf conflict broke out, stresses the need for a shift in emphasis to business. "I hope to correct this imbalance," he adds.



SHEKHAR AGARWAL

A mechanical engineer from IIT Kharagpur and a postgraduate in systems engineering from the US, Shekhar Agarwal, 39, has made a name for himself in the textiles industry. Agarwal is the joint managing director of the Rs.87-crore Rajasthan Spinning and Weaving Mills, the flagship of the Bhilwara group. He has now taken charge of setting up Maral Overseas Ltd, a 100 per cent export-oriented unit for spinning cotton yarn.

This new Bhilwara company will install a 20,000 spindles yarn spinning unit near Indore at a cost of Rs.34 crore. Although Maral Overseas is the fifth such EOU in the country, Agarwal does not foresee any problems. "With the international demand for cotton yarn picking up rapidly and India emerging as a major player, Indian exports are bound to grow," says Agarwal



H.S.JALAN

The Delhi-based Indana group of companies (makers of Gold Cafe brand of coffee) is on an expansion spree. Its only public limited company, Indana Spices & Foods Industries, is setting up a flour mill, edible oil refining



and tea blending-cum-packaging unit at a cost of Rs.26 crore. Another group company, Foremost Industries Ltd, is setting up a Rs.42-crore unit for manufacturing granite tiles, sanitaryware, and porcelain tableware. Yet another company is setting up a Rs.22-crore concentrated milk and fruit juices plant. Says group chairman H.S. Jalan, "With all these expansions, the total turnover of our group will go up from the present Rs.150 crore to Rs.1,000 crore."

DHRUV SAWHNEY

Immediately after Dhruv Sawhney took over as the president of the Confederation of Engineering Industry (CEI), a business survey of 232 companies, both in the public and private sector, was conducted. Says Sawhney, "Against the 37 per cent of respondents who were optimistic about the general business situation six years ago, only 20 per cent are now. And whereas only 24 per cent expected a decline, now 36 per cent do." Sawhney has drawn up an agenda for the government and is busy spreading the message that joint initiatives by the government and the industry are imperative to overcome the present economic crisis.



ALAN MATHEWS

Krone Communications Ltd (KCL) is a joint venture promoted by Krone AG of Germany, Karnataka State Electronics Development Corporation Ltd



and M.L. Thukral (the former sales agent for Krone AG in India) and his associates. To be fully implemented by 1992 at Electronics City, Bangalore, KCL has been set up for the manufacture of telephone connectors and allied products. The company has already received orders worth Rs.18 crore, including export orders of more than Rs.2.4 crore. It hopes to achieve a turnover of Rs.25 crore by 1993. Says Alan Mathews, managing director of KCL, "The telecom market in India is on the verge of a take-off and for Krone AG, this could mean another successful company in its fold."

T. RAMANAN



A firm believer in the age-old adage, "Prevention is better than cure", T. Ramanan, insurance and risk manager at Hindustan Lever Ltd, was recently made honorary member of the Association of Insurance and Risk Managers in Industry and Commerce (AIRMIC), UK — a unique offer, since only five people have been hounoured similarly. The first Indian to be so honoured, he is also the first Indian fellow of the Institute of Risk Management, UK. Ramanan, a much respected figure in the industry, has presented several papers on insurance and risk management at international conferences held at places like Singapore, Brisbane, Monte Carlo and London.

K.S. NAIDU

ABN Granites Ltd, a new 100 per cent EOU, will soon commence production. Being established at a cost of Rs.12.55



crore, the company's cutting and polishing units is to be located at Mysore and Cochin. ABN has already acquired 12 quarries in Kerala, Andhra Pradesh and Karnataka. Says K.S. Naidu, ABN's managing director, "These quarries will last us for nearly 50 years." According to him, the company has orders on hand from German and American companies for the supply of 560,000 sq metres of granite tiles. The company hopes to touch a turnover of Rs.27 crore in its very first year of operations.

LALIT SHETH

Lalit Sheth of Raj Travels is going places. He successfully operates tours to foreign countries, and now wants to extend the concept to tours within the country. Raj Travels' "Explore India" scheme entitles a family of four to a holiday of 3 days a year , 3 times a year for 3 years, at a one-time cover price. There will be a choice of 71 hotels at 51 destinations in India and Nepal. The cost per night averages out to Rs.777, a substantial saving on the normal price at most of the hotels listed. There



are also some additional benefits, like discounts at large shops as well as on food and beverages at some of the hotels.

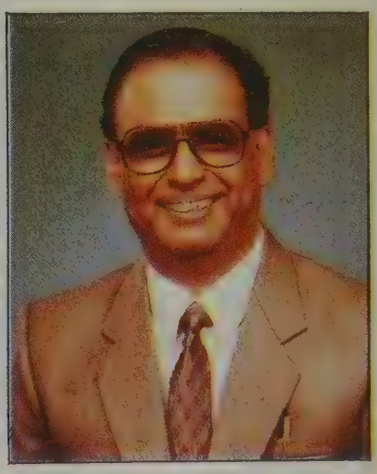
C. RANGARAJAN

The Reserve Bank of India (RBI) has been in the news lately, mainly in relation to its current policies to improve the country's balance of payment (BoP) position. C. Rangarajan, RBI's deputy governor, recently defended some of these measures before a select audience. According to him, these measures fall into two categories — one aimed directly at import containment and the other, towards a restrictive monetary policy promoted to contain the current account deficit in the BoP. "These measures may affect production in the short term but they should not be avoided. Because, unless the expenditure is brought down, it is impossible to improve the BoP problem," says Rangarajan.



P.S. GOPALAKRISHNAN

It is certainly not the best of times to take charge as chairman of the Indian Banks Association (IBA), and P.S. Gopalakrishnan, chairman and managing director of the Madras-based, Indian Overseas Banks (IOB) is aware of this. "IBA's primary concern now is to study and prescribe remedies for the distortions in the money market. Interest rates in the call money market have been ruling too high," says Gopalakrishnan. He is particularly keen that the funds normally meant for the



banking system should flow into it. Currently, short term funds, usually parked with banks, are being diverted to other avenues of investment like mutual funds.

"HRD in the banking system will be another thrust area during my tenure," states Gopalakrishnan. "Customer service should be beefed up, by resorting to computerisation wherever possible, in order to meet increasing customers' expectations."

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PAPER

Passing on the scarcity burden

Yet another industry — paper — is crying foul. It finds the cash margins imposed on importers by the Reserve Bank of India (RBI) too stiff. The new RBI policy has made it nearly impossible for many of them to import the much-needed raw materials. And the industry requires to import about 480,000 tonnes of waste paper and pulp, worth Rs.166 crore, to produce paper valued at about Rs.450 crore.

Production shortfall. The consequences, according to R.P. Agrawal, chairman of the Indian Paper Makers Association (IPMA) and managing director of Tribeni Tissues, will be far-reaching for the Rs.3,200-crore industry. He warns of a 15-per-cent shortfall in domestic production. This is likely to affect the price structure of the market, he adds.

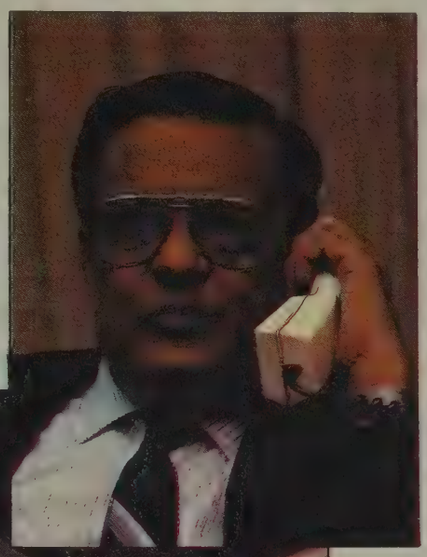
Waste paper which cost Rs.6,000 per tonne a year ago is now selling at Rs.8,500 per tonne. Shortages are becoming apparent in other raw materials as well. This year, with a below-average monsoon being predicted, less agro-based raw material is likely to be available for paper manufacturers after fuel and fodder needs have been met.

Already, raw material shortages have affected some paper manufacturers. Of the 327 units in the country that produce paper, 33 are in the large sector and 8 of these are closed. As many as 19 of the 57 units in the medium sector and 91 of the 237 units in the small sector have also closed down.

Bamboo, the major raw material used by paper mills in India, and other raw materials like hardwood, agricultural residues and vegetable fibres are getting scarcer. Until a few years ago, bamboo constituted about 75 per cent of all the raw materials used, hardwood 22 per cent and other sources, 3 per cent. Bamboo being scarce, the usage pattern has changed to: bamboo 39 per cent, wood 27 per cent, waste paper 15 per cent and non-conventional sources like cane bagasse and straw, 19 per cent.

Over the years, forest cover has shrunk to 11 per cent from the desirable level of 33 per cent. Now that the government has banned further degradation of forest lands, the paper industry had no other go but to resort to large-scale import of pulp and waste paper.

Complacency on the part of the paper manufacturers has also contributed to the trouble. With the exception of a few paper companies like the Sarapaka-based Bhadrachalam Paper Boards, (Andhra Pradesh), none of the units bothered to work out arrangements with state governments and local panchayats to grow more wood. Neither did they resort to the use of alternative raw materials like jute fibre.





A paper plant and (inset) *Agrawal: low production will affect price structure*

Says the chief executive of a prominent paper company, "Jute fibre is too costly. It is cheaper to import pulp. We cannot develop new resources because no farmer is going to tie up with us for seven years. It is better to plant on degraded forest land with government help."

Demand-supply gap. Paper manufacturers say the government has based its calculations on projections made in the seventies which predicted a 4.5-per-cent annual growth in paper consumption. Last year, against a demand of 2.46 million tonnes (mt) only 1.83 mt of paper could be produced, leading to a demand supply gap of 628,000 tonnes. This gap is expected to widen to 1.06 mt by 1995 when the projected demand is 3.16 mt and the production, 2.09 million tonnes. Says Agrawal, "Between 1979 and 1987, margins in the industry fell, leading to closure of many units. Since then, price rises have restored margins to pre-1979 levels."

Thus, between a government which cannot politically afford to apportion forest land to the big companies and the manufacturers who refuse to settle for smaller profits, the burden of paper scarcity is being passed on to the 200-million strong middle class, the main consumers of paper and paper products.

■ SUDIPT DUTTA

PHOTOCOPIERS

A blurring image

Photocopier manufacturers are in a tight spot. After a steady average annual growth of 20 per cent during the last six years, the copier market has suddenly become sluggish. Unfavourable economic conditions and consequent cuts in government expenditure are giving the nascent Rs.250-crore industry nightmares. Last year (1990-91), the industry expected to sell about 19,500 machines against 14,000 machines during the previous year. But it ended up selling 16,500 machines.



Tough times are ahead for the copier industry

The market was badly affected during the January-March period this year which should have been the peak season for copier sales. (About 60 per cent of the total copier sales every year take place during this quarter.) The cuts imposed on government spending hit the manufacturers very badly. HCL Ltd's sales in this period were down from 2,125 units last year to 1,750 units this year. Kores, another important player, also suffered. According to G.R. Khanna, Kores' zonal manager (north), sales this year to the government were almost half of last year's level of about 5,000 machines.

Rough times. Dynavox and Chowgules, who market Canon photocopiers made by Bee Electronics, also had a rough time. Says Vishnu Bhargav, general manager, Dynavox Ltd, "The change in depreciation norms from the earlier 33 per cent to 20 per cent affected offtake of copiers by the private sector as well."

Since the Indian copier industry is still largely an import-and-assemble industry, it has also been adversely affected by import and credit curbs imposed by the government some time back. Though the old size-to-size photocopiers have been indigenised up to 75 to 90 per cent by various manufacturers, the zoom models (which command over 40 per cent of the total market by volume) have given the companies cause to worry about.

The import and credit curbs are also going to bother the companies in relation to supporting their installed machines with consumables and spares. Only Modi Xerox Ltd makes its own toner, developer and receptor. Others have to import these items.

So it is going to be tough times ahead for the photocopier industry, at least in the near future. But one senior industry watcher is secretly happy with the way things have worked out. "By imposing these curbs, the government has called the copier industry's bluff of a phased manufacturing programme," he says. "These measures are going to affect copier manufacturers for some time. But in the long run, they will make the industry more accountable and help it mature faster." ■

FEROZ AHMED

RECORDING STUDIOS

Bombay's new boom business

It makes sound sense to invest in a recording studio in Bombay these days. Even though the investment on equipment alone could be anywhere between Rs.20 lakh for a basic eight-track studio and Rs.5 crore for a 24-track producer's dream, and sometimes even more, in most cases it is justified. "Music recording studios are making anything from Rs.50,000 to Rs.2 lakh a month," says Daman Sood, recording director at Western Outdoor, a reputed recording studio in south Bombay.

According to one estimate, over the last four years, at least 350 studios have sprung up in the metros alone. On an all-India level, the figure could be close to 500. And the trend is gaining momentum with even the government funding the setting up of studios in places like NOIDA near Delhi.

Audio cassette explosion. Many factors have contributed to the upsurge in the recording business and its fast growth in recent times. Probably the foremost reason is the audio cassette explosion in recent years. "There are 300 to 400 audio cassette companies in the country. And even in a place like Raipur, there's a company that manufactures 10,000 cassettes per day," says Ashok Phadki, sound recordist at T-series' Sudeep Studio in Khar, Bombay.

Another reason has been the massive increase in advertising expenditure and the attendant increase in jingles and associated activity. Over the last five years, spending on television advertising has more than doubled from Rs.93 to 250 crore and that on radio from Rs.24 to 40 crore. Video cassettes and cable TV — the latter took off only in 1987 — were attracting annual revenues of Rs.10 crore by 1990. It is thus estimated that the jingle industry alone is around Rs.30 crore a year.

If one group can be credited with changing the fortunes of the recording studios business, it is the Bombay film producers. For, 50 per cent of the movies made in the world are Indian and most of them are produced in Bombay. In order to cater to the demands of the film industry, most of the studios are working round the clock. Some of them do not close their shutters even on Sundays and holidays.

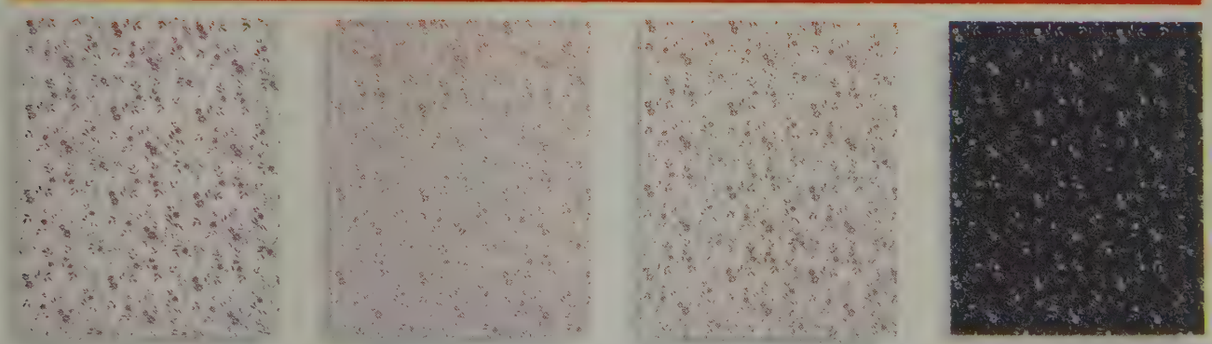
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This applies particularly to Bombay because, apart from the Hindi film industry, this centre caters to regional films too. The better equipped studios are booked up to six months in advance.

And then there is the deluge of TV serials. "Around 4,000 serials are sent to Delhi for approval every year," says Amar Kakad, a TV serial maker. And then there are the commissioned serials for which Doordarshan pays Rs.40,000 to Rs.50,000 per episode.

Costs down. While business is booming on the one hand, the cost of setting up a studio has come down on the other. Thanks to the advancements in technology, a studio need not be big anymore. "Instead of a large number of musicians, the smaller studios employ midi equipment, like samplers, synthesisers and computers instead," says Rajiv Kenkare, sound recordist at 4D studio located in south Bombay. (Synthesisers, as the name suggests, synthesise the sound of instruments digitally. The sounds they produce, while acceptable, are less accurate than those of samplers in which the sound is copied through recording and recreated with the exact frequency and tone. Midi, or musical instruments digital interface, is a technology which hooks up synthesisers, samplers and computers through special application software and interfaces. This increases the individual's control over a greater number of instruments and sounds and his editing capabilities over the music.)

"As a result of this kind of technological advancement, you can even have a one-man orchestra," says Kenkare. Old-timers in the industry, however, feel that the quality of sound produced electronically is artificial.

Nevertheless, one big advantage that the new recording studios have is cost effectiveness. This is because most of them are small in size when compared to the older studios. "Recording in a smaller studio costs half that of recording in a bigger studio," says Madhur Bhushan who owns Madhur Dhwani, one of the smaller recording studios in Bombay's suburbs.

In Bombay, while the older studios are situated in the main city, most of the new studios have come up in the suburbs. Line In, Sudeep, Sunny, Ginni, Sargam and Arti studios, and the new Rainbow studio, are all situated in the suburbs. Spiralling real estate prices in the main city and the fact that all the film studios — Filmistan, Mehboob Studios, Filmalaya, Esel, Nataraj, etc — are in the suburbs, has led to this situation.

Strong in numbers and employing perhaps the latest technology, the recording studios in Bombay can be assured of riding the boom for some more time to come.

■ SHANKARI CHAKRAVARTY



Sood of Western Outdoor: lots to grin about

LPG

The queue grows longer

The expectations of the growing middle class is far outstripping the availability of liquefied petroleum gas (LPG). There seems to be no remedy for the growing shortage of the product, in spite of the sales of LPG increasing from 400,000 tonnes in 1970 to over 3 million tonnes in 1990. A long-established network caters to 16.3 million connections. And there is a waiting list for 6 million new connections, the figure increasing roughly by 1 million every year.

While 700,000 new consumers were given connections in 1990-91, during the current year only another 500,000 new connections will be possible. Originally 13 million new connections were to be released during the Eighth Plan, but the government's calculations have gone awry. In certain places, there has been a month's delay even for the replenishment of cylinders.

Over-reliance. The Oil and Natural Gas Commisssion (ONGC) and Oil India Ltd (OIL) need to reformulate production strategies, especially since the Gas Authority of India Ltd's (GAIL) Bijaipur unit has yet to get going. One big problem is that consumers have been steadily over-relying on LPG, because it is convenient to use and considerably subsidised (Rs.55 for 14.2 kg for personal consumption as against Rs.90 for 19 kg for industrial cylinders). Alternate sources of fuel



LPG supply: replenishment delays

like natural gas are being tapped only marginally, or have been completely ignored.

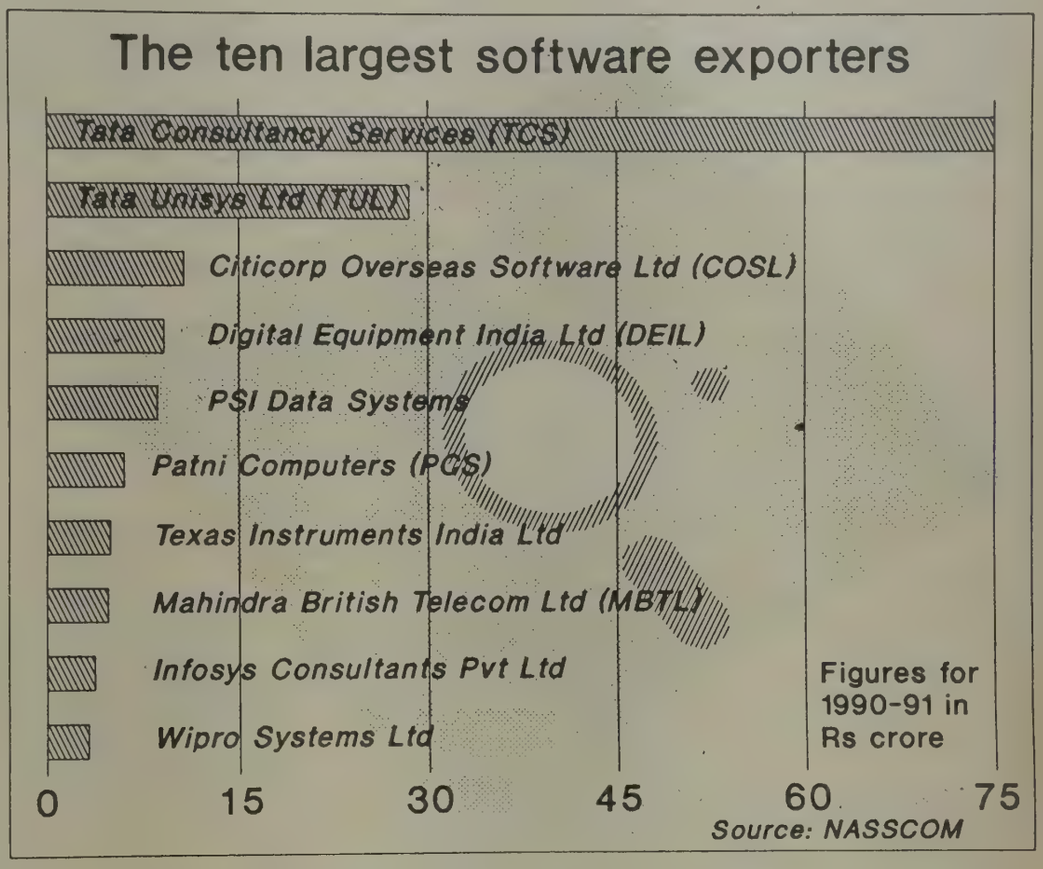
Overall annual consumption of LPG amounts to 2.3 million tonnes (mt), of which around 300,000 is currently being imported. There would have to be an addition in imports in the near future even to replenish existing consumers' stocks, say senior oil executives.

But because of the country's precarious foreign exchange position, the finance ministry is reluctant to approve additional import of LPG even to sustain current levels of consumption. So the caretaker government has kept this approval in abeyance.

The setting up of two LPG import centres at Kandla and Mangalore have been delayed. A further assessment by the new government is expected only in September. Meanwhile, frustration within the industry as well as among the consumers is building up rapidly.

The time has come for the government to tone down its promises to the LPG consumers and work out pragmatic projections. With the other cooking fuel, kerosene, also scarce, the need to be realistic has become all the more imperative. ■

DEVENDRA TAK



SOFTWARE EXPORTS

The pace is maintained

According to a survey conducted by the National Association of Software and Service Companies (NASSCOM), software exports from India during the year ended March 1991 touched Rs. 250 crore, registering a growth of 43 per cent over the previous year. This growth in the face of adverse circumstances has thrown up some encouraging trends as well as certain fundamental issues which have to be addressed by the software industry.

Impressive increase. Spearheading the year's exports was Tata Consultancy Services (TCS), which exported Rs.75 crore, compared to Rs.47 crore in the previous year — an impressive increase of 60 per cent. TCS alone contributed about a third of the country's total exports in this sector. Among the major contracts TCS bagged were one from the Securities & Exchange Board of Switzerland worth Rs.41 crore and one from Continental Insurance of the US, valued at Rs.3 crore.

Even though the gulf between the leader and the rest of the pack is increasing, an encouraging development is the growth of mid-size and start-up companies which grew at rates above the industry average of 43 per cent. Says Harish Mehta, president of NASSCOM, "Mid-size companies grew at 72 per cent and the new entrants at 80 per cent."

This year, NASSCOM proposes to focus on three key issues which are expected to improve the country's export potential. The first relates to the need for a high speed data communication channel for software exporters. A link of this kind becomes all the more significant in the light of the US Congress' recent decision to provide Indian software engineers only the H1 visa — which is more time-consuming to obtain — as compared to the B1 visa needed earlier. The H1 visa requires the Indian company to pay an additional $1000 per man month, thereby causing Indian software to become less competitive. This is not an encouraging trend since today 60 per cent of the total Indian software is directed to the US market.

Another issue relates to tax exemption for profits from software exports. At present, software export earnings attract taxes. The ministry of finance has assured the Indian computer industry that necessary legislation to free it from this constraint will be passed in the next session of Parliament.

Thrust against piracy. And lastly, the industry's campaign against software piracy is expected to get an added thrust with the recently-launched Indian Federation Aganist Sotware Theft (INFAST). This will be a major step in safegaurding intellectual property rights.

Even though individual companies have done pioneering work, the Department of Electronics (DoE) has played a crucial and positive role in promoting the country's software exports. Now moves are afoot within the DoE to set up an independent non-profit organisation to provide effective communication links at competitive prices to exporters.

Despite the hype of the performance of the software exports, a key issue which has to be addressed is the growth of the domestic industry. Both are closely interwoven. F.C. Kohli, director-in-charge of TCS, says, "You cannot export if you do not have a viable base within the country. It is essential to develop the necessary skills at home before venturing overseas."

The fact remains that computerisation has not taken off in the country in a really big way. Most of the present efforts are still elementary and have not affected crucial areas such as operations, management and control. It is therefore very essential to accelerate the pace of

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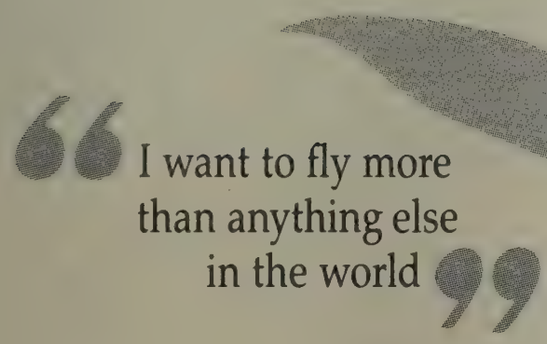
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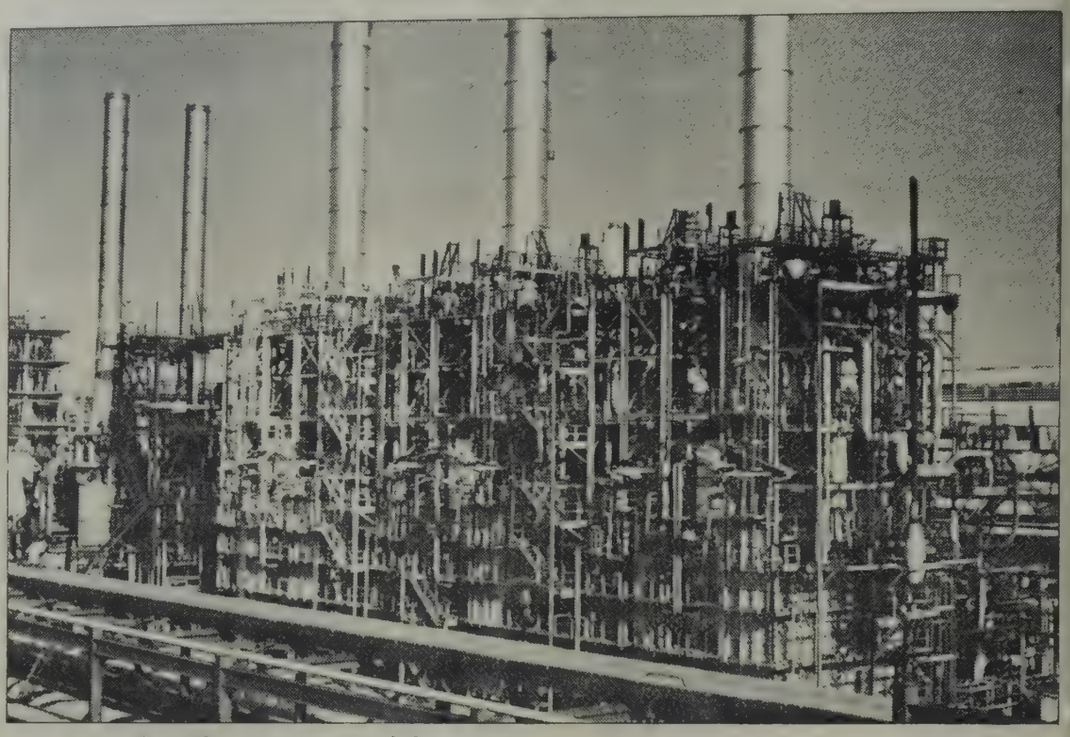
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computerisation in the country before even dreaming of increasing India's share in world software export earnings.

■ AROON SARKER

BENZENE CRISIS

Import or perish



A gas cracker plant: not enough benzene

As is generally their practice, the large benzene plants in the country shut down for maintenance every two years. The closures are effected at different times over the year so that there is no shortage of benzene in the market. But in view of the severe diesel crisis last year, the government had instructed Bharat Petroleum Corporation Ltd (BPCL) to postpone the shutting down of its benzene plant. The result was that in April this year, both BPCL and Cochin Refineries Ltd (CRL) went for a simultaneous month-long closure. This led to a shortfall of about 9,000 tonnes of benzene in the market.

Short supply to continue. The two plants have since re-opened but that does not mean that benzene will now be available for the asking. This is because the government has since instructed BPCL and CRL, as well as the other benzene manufacturers — Indian Oil Corporation (IOC), National Organic Chemicals Industries Ltd (NOCIL) and Indian Petrochemicals Corporation Ltd (IPCL) — to give priority to petrol and high speed diesel (HSD) production. Therefore, benzene is expected to be in short supply for some more time unless additional imports are sanctioned.

But even on the face of it, that seems to be a difficult proposition. A proposal to import 20,000 tonnes of benzene to tide over the present crisis was stalled by the government earlier this month in view of the country's precarious forex crunch. "It is unlikely that the government will approve the import of additional crude for benzene extraction, since priority will continue to be given to petrol and HSD. Therefore there appears to be no short-term solution to the benzene crisis," says a spokesperson for BPCL.

The overall shortage of benzene, with indigeneous production being only 19,000 tonnes per month, is therefore going to be considerable. Besides, the new caprolactum plant of Fertilisers & Chemicals Travancore Ltd (FACT) requires an additional 5,000 tonnes per month. The demand-supply gap is conservatively estimated at 280,000 tonnes a year by the year 1994-95. Gujarat Narmada Valley Fertiliser Corporation (GNFC), Reliance Industries Ltd (RIL) and Hindustan Organic Chemicals (HOC) between themselves require about 10,000 tonnes per month.

Keeping in mind the shortage of benzene, the government had drawn up a priority list in October 1990 which was despatched to all the oil companies. Supplies were to be made in the following priority order: export-oriented units, pesticide manufacturers, for import substitution and, finally, miscellaneous. The list was modified in April this year and preference is now to be given to export units with export orders in hand provided they have received a final go-ahead from Basic Chemicals, Pharmaceuticals & Cosmetics Export Promotion Council (CHEMEXCIL). Pesticide units and HOC are now next on the priority list.

LAB exports affected. The revised list has led to protests from end users, small and big alike. "The smaller customers have been neglected. Even Reliance has been ignored," reveals a senior oil executive. In fact, Reliance requires about 3,000 tonnes of benzene a month for the production of linear alkyl benzene (LAB). Sources at Reliance confirmed that exports of LAB (worth Rs.20 crore last year) have been grossly affected by the unavailability of benzene from BPCL.

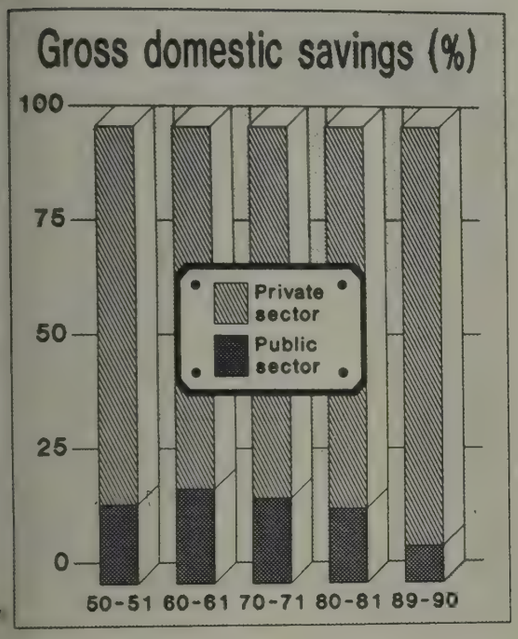
According to IOC sources, they have no extra supply to divert towards any new demand. Benzene therefore commands a premium in the open market. While its official price is Rs.12 per kg, in the open market benzene sells for Rs.18 per kg. And since the international price of benzene is about half the normal domestic price, Reliance is pushing hard for permission to import benzene directly.

Major industries which rely on benzene as a raw material are the drug manufacturers, with paracetamol producers being the maximum affected, and the dye and dye intermediate manufacturers. Dye-making and drug intermediate units require 6,000 tonnes and phenol manufacturers about 4,000 tonnes per month. Units making styrene, paints, varnishes, etc, require another 3,000 tonnes. According to K.C. Mashruwala, president of the Association of Small and Medium Chemical Manufacturers (ASMECHEM), the chemical industry stands to lose about Rs.280 crore on account of import restrictions.

The views of a leading petrochemicals trader sums up the situation, "In the first half of the year, there was no scarcity of benzene. If the government can push the proposal of 20,000 tonnes of import, with both the BPC and CRL plants now operating, the situation can be easily normalised." It is upto the new government to decide — with benzene production being accorded a low priority compared to petrol, HSD and kerosene — whether it can afford to lose out on Rs.700 crore worth of exports to save Rs.20 crore worth of foreign exchange.

■ DEVENDRA TAK

Public sector's poor show



The economic mess the country is in, is of its own doing. Up to now (since Independence) every finance minister has been tinkering with the economy and has always resorted to fire-fighting measures rather than structural changes. Among the many problems facing the economy, the fiscal profligacy of the previous years is one of the more serious areas of concern.

If the budgetary deficit has to be reduced significantly, then the efficiency factor in the Indian economy will have to be increased considerably. One of the areas where a lot of money has been sunk with very little return has been the public sector. An efficient or performance-oriented public sector would go a long way in increasing the overall savings rate, which in turn would boost government revenues.

A report by the Centre for Monitoring Indian Economy clearly shows that the public sector in the wider sense has been all pervasive and has grown significantly over the years.

Growing share

In the organised sector, which accounts for about 10 per cent of total employment in the country, the public sector had a share of 6.8 per cent in 1981. Over the years, this share has grown.

In income generation, the public sector accounted for Rs.64,863 crore or one-fourth of the national income of Rs.2,60,532 crore in 1987-88. Though the public sector plays a dominant role in the railways and communications where it has a monopoly, contrary to the general belief, manufacturing activity in the public sector was only 15 per cent. Of course, within manufacturing, it is dominant in sectors like oil refineries, steel plants, fertilisers and engineering.

Prior to Independence, the role of the public sector in manufacturing was almost negligible. But after Independence, the planners gave it a critical role to play in industrialisation.

There are certain sectors in manufacturing where the public sector plays a significant role. For instance, in cotton textiles, the National Textile Corporation accounts for about 5 per cent of yarn production and about 26 per cent of the total cotton fabrics produced by the mills. The total accumulated loss of all the public-sector textile mills including NTC was Rs.1,631 crore by the end of March 1990.

The public sector has a near monopoly in newsprint production. There are five companies with an installed capacity of 270,000 tonnes. The Green Revolution prompted the government to set up fertiliser plants. These public-sector units account for 43 per cent of the total fertiliser production.

The steel sector is dominated by the large public-sector units under the holding company, SAIL. The six integrated steel plants account for 7.6 million tonnes of steel which works out to 64 per cent of the total production. Tata Steel accounts for 16 per cent and mini-steel plants, the balance 20 per cent. The public sector has played a prominent role in developing the engineering industry in the country. In 1989-90, its share in total engineering goods output was 22 per cent.

Insurance a monopoly

If the public sector plays a significant role in the manufacturing sector, its role in the financial sector is dominant. For instance, the 28 nationalised scheduled commercial banks account for 88 per cent of aggregate deposits and 86 per cent of the advances of all the scheduled commercial banks. The life insurance and general insurance business enjoy a total monopoly.

The crux of the problem is that despite its pivotal role in the Indian economy, the public sector has not been able to generate the savings necessary for capital formation. It was able to contribute only 8 per cent of the nation's savings in 1989-90. Also, the savings rate as a percentage of GDP has been declining in recent years. This is mainly due to government enterprises' failure to generate internal surpluses. As a result, the public sector, over the last 27 years, could finance only one-third of its gross capital formation. Given the large investment in the public sector, greater efficiency in its operations would go a long way in reducing the budget deficit.

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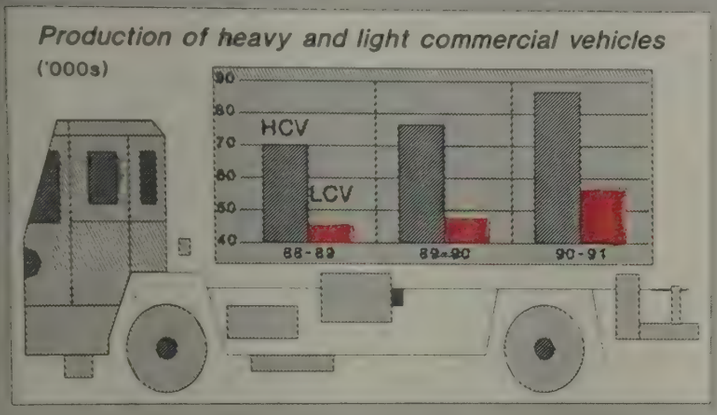
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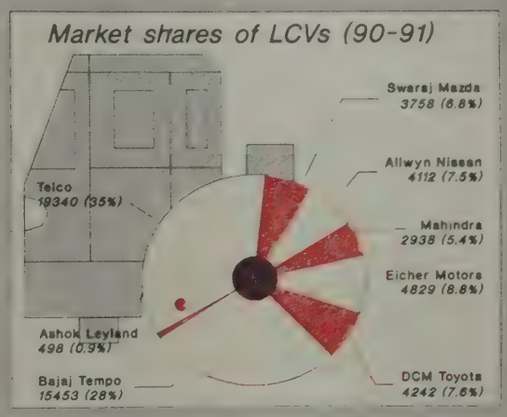
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Production of heavy and light commercial vehicles: The production of heavy commercial vehicles has grown by 13 per cent over the previous year to 86,831 units. In recent years, the production of LCVs has increased considerably and in 1990-91 this was up 18.5 per cent over the previous year.



Marketshare of light commercial vehicles: The LCV market is dominated by Telco which has a market share of around 35 per cent. In fact, Telco has been increasing its market share over its nearest rival Bajaj Tempo. DCM Toyota is the other manufacturer that is steadily improving its market share.

Wholesale price index: The wholesale price index is marginally up by 0.46 per cent during the month under review which indicates a slowdown in the rate of inflation. In primary articles, the index for fibres was up 6 per cent. In manufactured products, while most items were relatively stable, the index for cement was up 4 per cent.

(1981-82= 100)

	4 May '91	6 Apr '91	5 May '90	% change over month	% change over year
All commodities	192.8	191.5	173.7	0.46	11.0
Primary articles	198.4	197.5	172.5	0.46	15.0
Manufactured products	190.3	189.3	175.9	0.21	8.2

Money and banking (scheduled commercial banks): There is a slowdown in the growth of money supply to 0.38 per cent during the month to 3 May 1991. Both aggregate deposits and bank credit are down 0.49 and 0.50 per cent respectively. On the other hand, food credit is up 12.3 per cent during the month under review.

(Rs crore)

	3 May '91	5 Apr '91	4 May '90	% change over month	% change over year
Broad money (M3)	2,74,444	2,73,415	2,37,746	0.38	15.4
Aggregate deposits	1,97,099	1,98,069	1,70,149	–0.49	15.8
Bank credit	1,17,782	1,18,376	1,03,625	–0.50	13.7
Food credit	4,987	4,441	2,551	12.3	95.0
Credit/deposit ratio	59.76	59.77	60.90		

Bullion prices and stockmarket index: The price of bullion (gold and silver) has dropped for the month under review. The BSE showed a marginal decline largely as a result of elections around the corner.

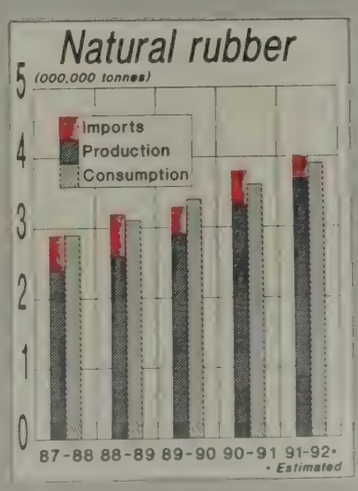
	14 Jun '91	14 May '91	14 Jun '90	% change over month	% change over year
Gold (Bombay)	3,749	3,830	3,070	–2.19	22.11
Silver (Bombay)	6,831	6,937	6,687	–1.48	2.19
BSE index (1978-79=100)	1,282.8	1,292.93	783.2	–0.78	63.78

(Price of gold is in rupees per 10 gm and silver in rupees per kg)

Natural Rubber

Rubber is a strategic raw material which is used for manufacturing tyres and tubes for cycles, motorcycles, scooters, cars and trucks. It also has wide applicability in other products such as conveyor belts, hoses, footwear, gloves and a large number of other products. The rubber goods industry comprises over 500 units. There are 22 tyre companies, 150 medium-size DGTD factories and almost 5,000 small and tiny units. The tyre industry consumes 52 per cent of the rubber and the non-tyre sector 48 per cent.

Production



Production of natural rubber has not kept pace with consumption. Production was only 140,000 tonnes in 1975-76 which increased to 190,000 tonnes in 1984-85 and has crossed 330,000 tonnes in 1990-91. The increase in production is because of increase in tappable area and yields. Tappable area increased from 178,480 hectares in 1975-76 to 312,00 hectares in 1990-91, up 75 per cent in 15 years. On the other hand, yield per hectare has increased more slowly from 775 kg in 1975-76 to 1,075 kg in 1990-91.

Consumption

Consumption of natural rubber has increased from 342,000 tonnes in 1989-90 to an estimated 390,000 tonnes in 1991-92. The demand supply mismatch is met by imports which were 50,700 tonnes in 1990-91. Considering a 7 per cent growth rate, the rubber industry will need 900,000 tonnes of new rubber by the year 2000 as against the maximum availability of 600,000 tonnes.

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Agenda for the new government



If there is one piece of bad advice the new finance minister is bound to receive, it is that we must take the IMF loan. Three powerful arguments will be deployed: first it will be said that our foreign exchange position is so precarious that the economy cannot be managed without immediate relief; second there will be those who will argue that we need some breathing time to work out the right solutions; as if we have not had forty years of breathing time during which all we have done is to successfully avoid taking harsh decisions. Finally, there will be those who will say that there is no hope of achieving discipline in Indian politics without external intervention; that the politicians will never be persuaded to make the decisions that are necessary unless they are forced to do so in the face of conditions imposed by the IMF.

The shallow cynicism of these arguments is no surety that we will not succumb to them; supine and dilatory behaviour has been the hall-mark of our economic policy and the IMF loan will provide administrators with precisely the kind of latitude to continue an intolerable import and exchange regime for a few months more. For that is all the Fund loan will do. We borrowed $2.0 billion from the IMF in January of this year and blew it by the middle of April. How much will the Fund now lend us? Will they give us $3.0 billion or $5.0 billion? And how long will that last us? Another three months or even a year? What do we do after that? Go out with the old begging bowl asking for more? Then another Kissinger in another American cabinet will describe us as "another basket case". Do we really need to be reduced to this?

Need to take stock

Before he capitulates to his economic bureaucracy, the finance minister should at least take stock of our external account. We have a debt of about $80 billion but we also have liquid assets within the country. Students of economics will remember that fifty years ago Keynes was complaining of exactly the opposite phenomenon, namely, that India had a disastrous propensity to an excess of liquidity. We were, in his contemptuous phrase, "the sink of precious metals." Indeed, in his celebrated book *The General Theory of Employment, Interest and Money*, the only mention he made of India was this:

"The history of India at all times has provided an example of a country impoverished by a preference for liquidity amounting to so strong a passion that even an enormous and chronic influx of precious metals has been insufficient to bring down the rate of interest to a level which was compatible with the growth of real wealth." (Keynes, 1936, chapter 23).

Is it seriously being argued that whilst throughout our history we have been accumulating these precious metals, we are now suddenly in such dire straits that we cannot finance even a few months' imports? We must have been profligate indeed if we have so exhausted our patrimony. And even more so since, according to the 1990 Gold Survey published by the prestigious London-based Gold Fields Mineral Services, we have been steadily increasing our stock of liquid assets by importing gold. In 1989 after allowing for 50 tonnes of scrap, India utilised 172.5 tonnes of additional gold for fabricating jewellery. Since there are no indigenous sources of gold production, this gold, worth about $2.0 billion, must have been imported into India and paid for in foreign exchange, albeit by smugglers.

It is not unreasonable to estimate that, out of a total quantity of 100,000 tonnes of gold mined throughout the world since the dawn of time, at least seven thousand tonnes of gold must now be held in India

Passion for hoarding

This Indian passion for hoarding precious metals has not abated even through an industrial revolution. Very crude estimates suggest that over the last forty years India has bought somewhere around three thousand tonnes of gold, worth about $35 billion at current prices; this inflow has been added to the very considerable stock of gold that existed prior to Independence. Although precise figures must be a matter of conjecture, it is not unreasonable to estimate that, out of a total quantity of 100,000 tonnes of gold mined throughout the world since the dawn of time, at least seven thousand tonnes of gold must now be held in India. At current prices, the value of the total estimated stock of gold is around $80 to $100 billion — well in excess of India's total foreign debt of $80 billion. But gold is not the only monetary asset we possess. We have 100,000 tonnes of silver, perhaps worth another $12 billion. Over and above this, recent estimates of resident Indians' foreign balances — the so called flight of capital — range from $20 to $30 billion dollars. If you add together all this, it shows that we have liquid assets marketable abroad worth at least $120 billion.

Now, it could be argued that if these assets are in the hands of private individuals they are of no assistance to the nation. From an economic point of view, these resources may as well belong to the Japanese or the Koreans for all the good they can do to us. But there is a significant difference: holders of these assets have paid for them not with foreign currency but with Indian rupees, and what is bought in rupees can be sold in rupees. No one will deny that there is a regular rupee price for gold; as an individual — whether the law allows it or not — the average citizen is able to go into the bazaars of Bombay and pay for his gold in Indian rupees; in turn, he could go into the souks of Arabia and sell it for dollars. In that sense the rupee is already a convertible currency; but of course in that sense every currency in the world is convertible. I have no doubt that some Russian expert can probably show you a way of converting a rouble, at some price or the other, into a dollar. It is therefore not enough to show that convertibility is possible but that it can be done with comparative ease.

Convertibility is easy

Fortunately, the laxity of Indian laws has been such that it is easy to demonstrate convertibility. In the midst of this great foreign exchange crisis there is in fact a regular market which determines rupee price for dollars, which for some curious reason is called the "hawala" rate. What is more, this rate is a surprisingly elegant

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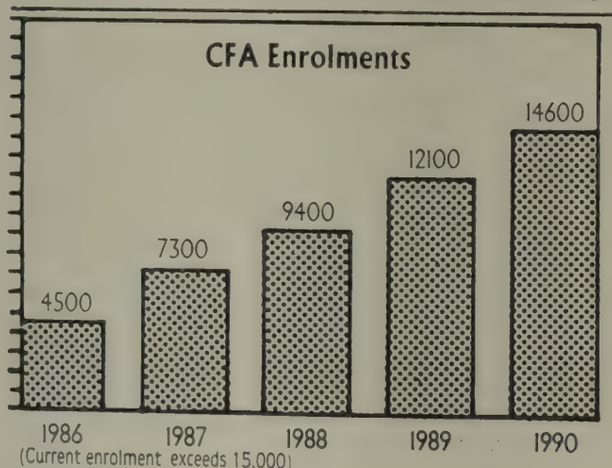
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proof of classical propositions of free markets. Economic theory tells us that in unfettered currency markets transactions will take place at a price where the devaluation of one currency against another will be offset by the interest differential between the two currencies. That is to say that no arbitrage possibilities will exist. Looking at the "hawala" rate in these simple economic terms, I find that in the last five years the market has done its job perfectly. In 1986 the hawala rupee dollar rate was Rs.16 to one dollar. In 1991 it was Rs.25. During this period the deposit rate of interest for dollars was between 7 and 7.5 per cent. In order to be able to compensate for the devaluation of the rupee, the Indian rate of interest should have been around 17 per cent, and not unexpectedly, the Indian rate of interest was just about that. In fact, anyone who could have earned more than 17 per cent in India would have made a mistake in keeping his money in dollars.

Since this point is quite important to my argument, I should like to comment in greater detail on the calculations. It is of course true that in taking the deposit rate in dollars and the lending rate in rupees I have not taken like for like. Yet the two rates are appropriate, because Indians holding money abroad can do little with

In unfettered currency markets transactions will take place at a price where the devaluation of one currency against another will be offset by the interest differential between the two currencies

their dollars except deposit it in some Swiss vault. Secrecy and hiding is the key to illegal hoards. On the other hand the resources could be used actively in India to promote enterprises, or even to lend to the stockmarket where, I am assured, that as much as 24 per cent can easily be earned.

Now the reason why these arguments are important to my case is that I wish to show how successfully free markets do work in India. I doubt very much if such simple arithmetical examples would have any relevance to the Russian or other East European markets. But even if the reader will accept my proposition that free markets work in India, he will still wish to know how we can move from the present state of affairs to the point where free markets are allowed to operate in these vital areas of the economy. After all, the "hawala" rate is only at the fringes of the economy and does not affect the main part which is concerned with resources of companies and government. The reader will be impatient to know the specific changes that are required to be made by the government in order to move to a free economy.

Some specific suggestions

The key to the new policy is to integrate the unofficial and official markets of the economy. I shall propose some specific steps that will assist us to do precisely that; but before I do so let me offer one observation on our external debt. We owe about $80 billion but over 50 per cent of this money has been borrowed at concessional rates. The average rate of interest that we are paying is approximately 6 per cent as against 10 per cent by Brazil. The first technical step that the government should take is to negotiate a discount for the nominal value of the debt by raising the interest to a commercial rate. I imagine that this will bring the debt down to about $50 billion. Next, we should arrange for an option to repay the debt either in foreign exchange or by delivering gold. This is necessary because it would be impossible to sell large quantities of gold on international markets at a reasonable price. On the other hand, it should be possible to arrange official transfers for payments to other central governments.

The second step for the government to take is to start buying gold in the local markets. In perhaps the most celebrated passage in the literature of economics, Adam Smith wrote the following:

"It is by treaty, by barter, and by purchase, that we obtain from one another, the greater part of those good offices which we stand in need of. ... It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity, but to their self-love, and never talk to them of our own necessities but of their advantages.

"Whoever offers to another a bargain of any kind proposes to do this. Give me that which I want, and you shall have this which you want."

I have quoted extensively from Adam Smith because it is this harsh lesson of economics that the soft socialist state tries to escape from. There is no shortage of gold or dollars or oil, but for every commodity there is a price at which an exchange can be effected, and if attempts are made to keep the price at a lower level than that at which free exchange will take place then the inevitable consequence

We must sell gold to reduce or repay our external debt. The RBI governor cannot go far without our support. The BJP argument that this would be to sell our national treasure is pure drivel

will be a host of dissatisfied buyers. Further, the only way a government can intervene to ensure a low price for a commodity is by using its sovereign authority. Take that power away from the authorities and you will immediately see those who want foreign exchange go into the market for dollars, and if it is impossible to exchange dollars for rupees, they will do it indirectly by exchanging gold for rupees and dollars for gold.

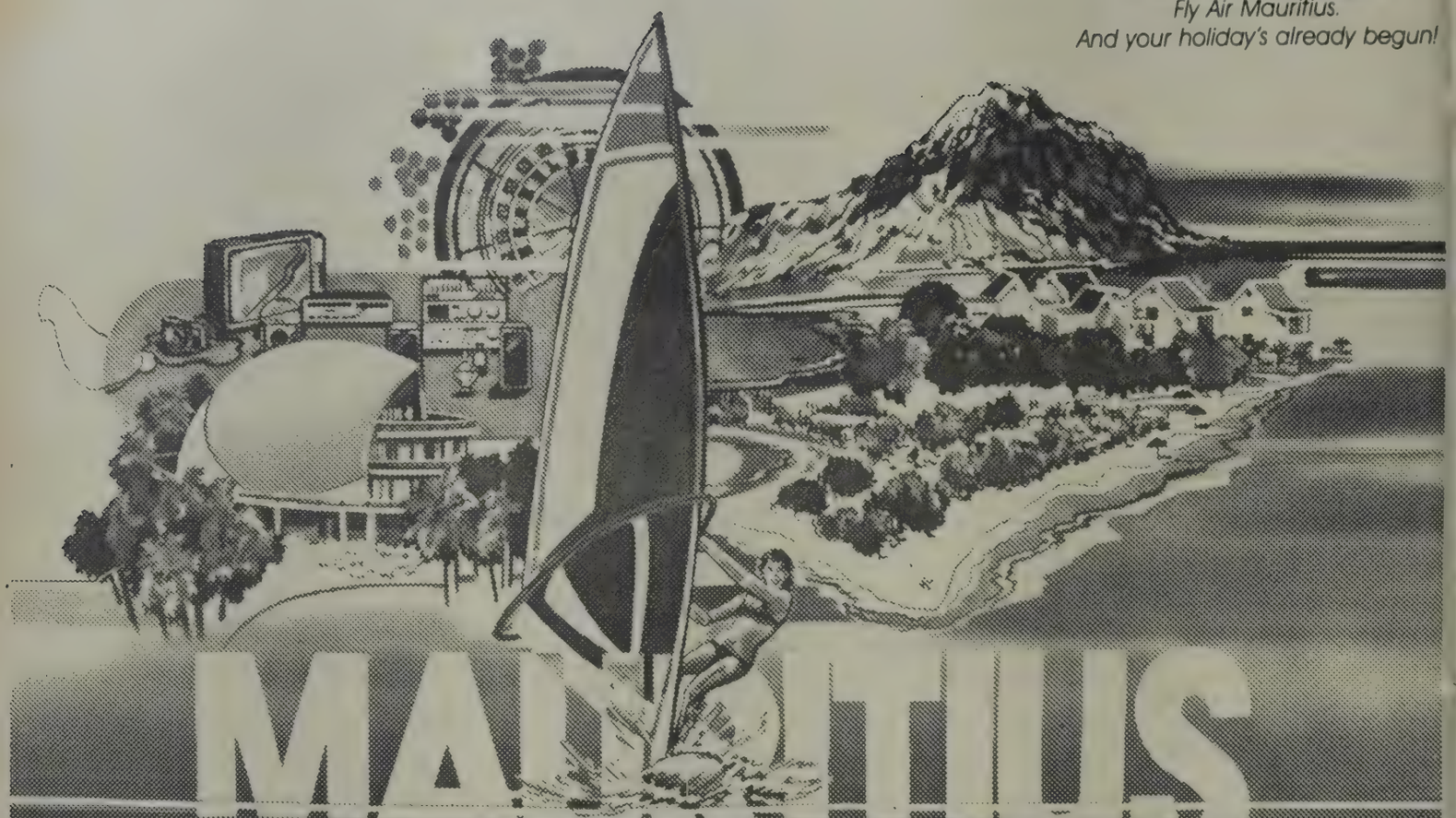
Gold must be sold

The central point of this over-long article is that we must sell gold to reduce or repay our external debt. The governor of the Reserve Bank has shown extraordinary courage in beginning the process, but he cannot go far without our support. The BJP argument that this would be to sell our national treasure is pure drivel. It would break a pernicious habit that has held us in poverty for centuries. To achieve results we must free the markets for gold and consequently for foreign exchange. The one cannot be done without the other.

Finally, I must say something about the government's own resources; to pay for this programme in a non-inflationary way, the government must sell its assets by privatising the public sector. The monetary authorities need gold that is today in private hands; they must do so by selling companies that are now in the public domain. It is only thus that we will restore pride in our national economy. Otherwise we shall be, as a prominent industrialist once said to me, "like the man who lives in a house worth a crore of rupees but goes begging for a roti".

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An idea whose time has come



J. RAO

Milton Friedman has observed that one thing Japan and India have in common is that they both imitated Britain when they embarked on industrial development. The only difference was in the timing — and that has made all the difference.

When Japan commenced its drive for modern industry in 1868 during the Meiji restoration, the Japanese followed the British way. Britain was at the height of the liberal Whig ideology, when the pursuit of private profit was seen as simultaneously leading to the pursuit of social and national good.

When India looked for models to imitate in 1947, we also chose to follow Britain's pattern. We simply imitated British ideology as it was then. This consisted of a mix of the ideas of Clement Attlee, Fabian socialism, nationalisation of coal, steel, gas, high income and inheritance taxes and talk of a welfare state. Labour-dominated Britain in 1947 had a disdain for business, entrepreneurship and the process of generating wealth, which was considered synonymous with exploitation. We accepted this vocabulary and *Weltanschauung* wholesale.

We were, in fact, very good pupils. We have institutionalised these ideas deep and well in our economy and our body politic. Interestingly, for more than a decade now, Britain has changed course completely. Thatcherite notions of supporting entrepreneurship and privatisation have become the prevailing orthodoxy. The question is: what will be the time lag before we start imitating contemporary British ideology rather than that of 1947?

Making a case

Making an idea easier to sell doesn't make it automatically acceptable. Public opinion needs to be created. It is important to baptise new ideas with credibility, coherence and integrity. The market economy as a means to make India a wealthy nation and as the only paradigm which holds the prospect of a better future for India's poor is an "idea whose time has come". We should buttress our claims with the British precedent. But that's not sufficient. We need to make a case for it independently.

The benevolent state protecting poor citizens from the harsh realities of free markets and providing for their well being is at best a myth. The poor are deprived of the efficiencies and opportunities of a market economy. They are saddled with an intrusive state that lays claim to the divine right of knowing what's good for its citizens. The state consistently fails to deliver the proverbial welfare to the common people, but makes material goodies available to its privileged functionaries.

When confronted with its failure, rather than change its manner of functioning, the state claims that it needs more power in order to fulfil its tasks. Gradually, tremendous power and patronage gets concentrated in the state. The citizens at large keep waiting for the promised welfare. Finally, fed up with their lot, they crave for the fresh breezes of the market economy which can at least produce and sell goods and services efficiently and might hold out the hopes of freedom so long denied by the state.

This is roughly what has happened in the countries of eastern Europe. The harsh realities of the present-day world have helped in the evolution of the *Zeitgeist* of liberalism. Market orientation is an ideology which has been found desperately necessary by the victims of statism.

Fault of liberalisation

The current turmoil in these countries has provided comfort to a certain class of professional Brahminical leftists in India. Their argument is that the liberalising experiments in the Soviet Union and eastern Europe have in fact led to problems. Therefore, it is best for us not to imitate them in this direction. The fact that they are in a mess precisely on account of four decades of the statist experiment is conveniently glossed over. While there are always problems in transition, once these economies have passed through this adjustment process, they have an optimistic future ahead of them. In contrast, the inward-looking, state dominated structures of Burma and North Korea seem to be on a one-way street headed nowhere.

The history of our country shows that whenever the Sultan has ruled with a light hand demanding a modest annual tax and providing an ambience of law and order, the people have prospered. Agriculture has been productive and trade has flourished. Whenever an oppressive and extravagant royal court has tried to intrude excessively into the affairs of citizens, we have had descending spirals of poverty, tyranny and famine. This should be lesson enough. The slogan of the modern emancipator should be: "Leave my people alone. Do not plan for them, control or direct them. They will prosper on their own."

Our history and the intellectual cross roads of our times all serve as beacon lights. Let us not forget that a large quantum of the entrepreneurial energy released by Margaret Thatcher belongs to persons of Indian origin living in Britain. If this outburst of energy can take place there, then why not here on home ground?

The author is the chief executive of Citibank India. The views in this article are his own and do not necessarily reflect those of his employer

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tightening

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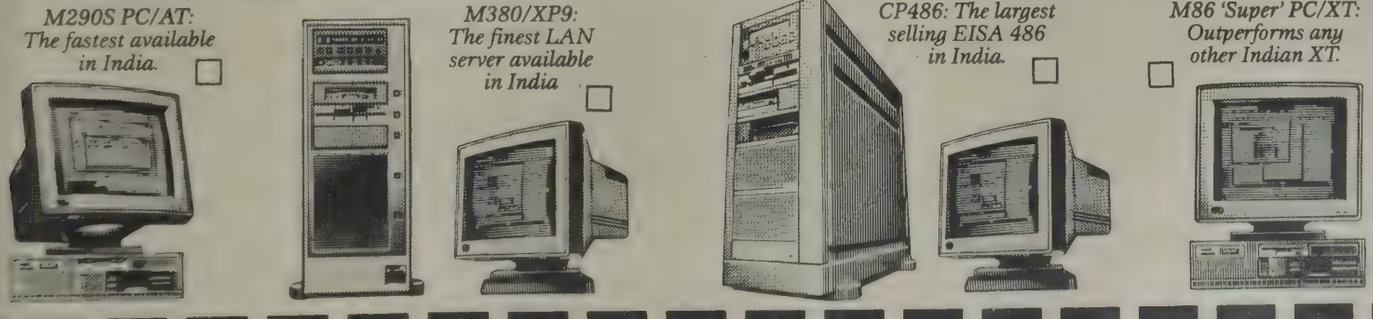
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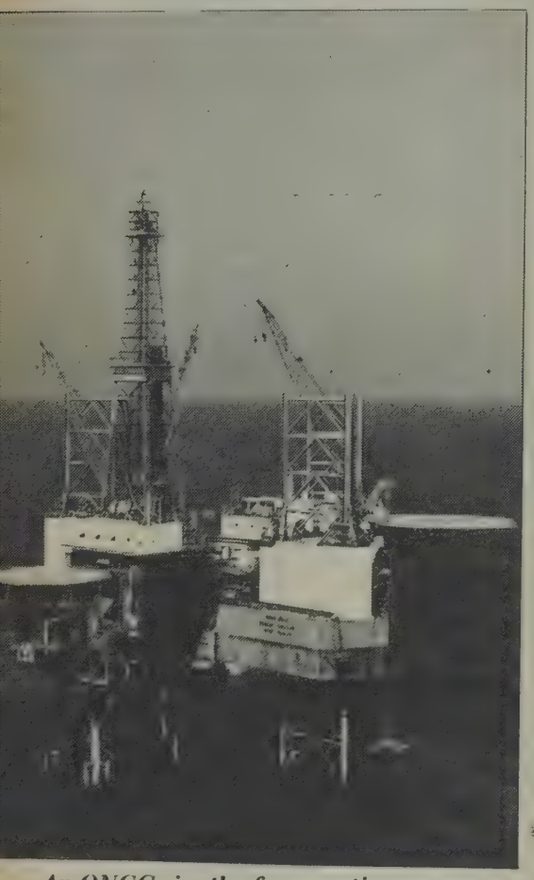


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PSU policy

Foremost among the concerns of the new government will be to evolve a policy on public sector undertakings. The largest PSU, the Oil and Natural Gas Commission (ONGC), set up under an act of Parliament, is pushing for a change in status as a corporation. ONGC officials feel that the key to its future progress is access to



An ONGC rig: the forex option

foreign exchange. This implies accessing the external commercial market more often than was done in the past.

This, however, is unlikely to happen unless the government appointees on the commission's board are withdrawn. The projects ONGC are likely to implement over the next plan have a larger foreign exchange component. With the present squeeze on foreign exchange, and with clearances being so sluggish, access to foreign exchange seems like the only option available to ONGC to arrest the slide in production.

Dithering with DoE

The department of electronics is in a quandary these days. The secretary of the DoE, N. Vittal, has introduced many a new scheme to inject fresh life into the ailing electronics industry. But lack of proper direction from the government has hindered the implementation of these schemes. Moreover, the unstable economic condition also does not permit investments in this sector, which anyway is highly import intensive.

Last month Vittal was talking about waiving MRTP regulations for companies setting up 100 per cent export units for manufacture of consumer electronics. But as always it has not found favour with the government. Most of the plans, including software technology parks, are yet to take concrete shape as the response has not been encouraging from participating private sector companies.

Big brother and the banks

A battle royal is on between the department of banking and the nationalised banks following the strict scrutiny by the department, for the first time ever, of the annual results of the banks. In fact, the announcement of the results of many banks has been delayed by the microscopic examination. The department's new interest in the working of the nationalised banks comes in the wake of criticism of the banks' recent actions: bad loaning, dressing up of accounts and other doubtful practices. Even the World Bank has given an adverse report on the functioning of the commercial banks.

The banks, on their part, are not happy with the treatment being meted out to them. Some of them were shocked to receive rebukes and sharp letters from the department. Observers, however, wonder whether the department of banking is itself properly equipped to examine the functioning of banks, particularly given the recent elevation of lowly undersecretaries in the department on to the boards of many nationalised banks.

SJP RIP

Bureaucrats who had seen in the Samajwadi Janata Party regime a cash and carry user-friendly government are now jokingly calling the party the *Swargwasi* Janata Dal. Nevertheless, the money-bags are working overtime to get an entry for the former prime minister into the Congress(I) and to pave the way later for a change in leadership. A Calcutta-based



Chandra Shekhar: political demise?

industrialist who stayed at the Delhi Maurya explained: "Since the Congress will form a minority government, they can never work efficiently. When discontent occurs we would like to have Chandra Shekhar ready to take over." Towards this end the industrialist met Pranab Mukherjee and R.K. Dhawan over breakfast on Monday.

Cotton programme

The ministry of agriculture proposes to launch a special cotton production programme on the lines of the special foodgrains production programme. Forty districts in nine states are proposed to be covered under the programme. For each district a separate plan is likely to be made. This would not only include setting up of targets but also make provision for the supply of good quality seeds, fertilisers, etc.

The plan to augment the production of cotton which is now mostly raised under rainfed conditions, is to allow for an exportable surplus. India's cotton productivity at 260 kg/hectare is now one of the lowest in the world. Even Pakistan has a productivity of 550 kg/hectare and Israel 1,450 kg/hectare.

According to the plan, cotton production, which topped 13 million bales last year (registering an increase for the third successive year), is to be raised to 20 million bales by 1995. This may however be a difficult task considering that there is a slideback this year with production likely to fall to 11.5 million bales.

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P.V. NARASIMHA RAO AND THE NEW GOVERNMENT

Can we now swing the IMF loan?



Now that the new government headed by P.V. Narasimha Rao is in place, its first task will be to put the economy back on the rails. Mustering the requisite support to allow access to the International Monetary Fund will be the first item on the agenda. While parties like the CPI(M) would balk at providing such support, the Congress(I) should in all likelihood be able to persuade other parties to do so. In any case the new government has few other options

One of the first decisions that the new government will have to take is about going to the International Monetary Fund (IMF) for assistance. It won't be an easy decision; with the IMF bent on integrating the Indian economy with that of the world, it is going to bear down hard. And by now, the Fund is quite used to the skill of the Indian *babu* in agreeing in principle but not in practice. It can therefore be expected to monitor the structural adjustments closely. Failure to shape up could mean suspension of the Fund's assistance even after it is sanctioned.

Time for change anyway

In Delhi, most parties agree that going in for loan will be necessary. Says Pranab Mukherjee, a likely candidate for finance minister, "Some structural change would be necessary. Even if the IMF does not force us, it is time to make them anyway." Yet mutterings have already begun in Delhi that the IMF's conditionality will impose the white man's diktat and, as a leftist leader put it, an extension of Pax Americana. While it would be easy to dismiss these whispers as hysterical, they are the seeds of a more sustained opposition. A structural adjustment could be painful: it will hit organised labour, both in the private and public sector, rich farmers, and industrialists who are not competitive. Based on the experience of other countries, things could get a lot worse before they get better.

"The upheaval caused by the retrenchment of labour, if sick mills are closed down and if subsidies are removed, will cut across the urban-rural divide. It will lead to tension that the government is in no position to absorb," says George Fernandes, the veteran socialist and trade union leader. It is this opposition that any political party will have to contend with. This might also make some parties oppose IMF-sponsored reforms. Yet, the new government has few options before it.

On the flip side, the writing has been on the wall over the last few months. The Indian government has little choice but to go to the IMF once again. In January this year, India secured $1.8 billion from the Fund: $1.02 billion under the Compensatory Contingency Fund Facility (CCFF) and $780 million under a standby arrangement. But more assistance is required urgently; otherwise the nation runs the risk of having its foreign trade come to a grinding halt very, very soon.

Recourse to the CCFF is relatively painless. Intended to help countries get over short-term balance of payment problems, it has few strings attached. And so it was that the January loan was taken. And yet, certain key economic parameters worsened. The Indian economy was by no means a basket case. A succession of good monsoons had boosted agricultural productivity and buffer stocks of foodgrains were a comfortable 21 million tonnes and were expected to reach 27 million by the end of the year. Yet government expenditure and India's balance of payments



An IMF loan will affect agriculture most

were totally out of kilter.

The fiscal deficit, a truer indication of the mismatch between the government's revenue and expenditure than the budgetary deficit, reached 8.59 per cent of the gross domestic product in 1990-91, against 8.05 per cent in the previous year. The then finance minister, Madhu Dandavate, had already made his now-infamous "coffers are empty" proclamation early in 1990. Largely because of the Gulf war-induced surge in oil prices, imports grew faster than exports. The country's foreign exchange reserves had declined significantly. They dropped from Rs.6,500 crore in June 1989 to Rs.5,800 crore in June 1990 (and Rs.2,500 now). Access to foreign borrowing became more difficult and India's credit rating was downgraded.

Assurance belied

The Reserve Bank governor had assured central bankers at a meeting of the Bank of International Settlements at Basle that India had no intention of defaulting on loan repayments. And yet it had to mortgage (or sell?) smuggled gold three weeks ago to meet its most pressing commitments. That naturally created some disquiet.

In fact, without this sale, the country could have defaulted on repayment obligations on a short-term revolving debt of Rs.800 crore. Even prime banks like State Bank found it difficult to extend banker's acceptances, which had to be promptly repaid out of reserves. A default would have wrecked Indian credibility and would have placed the country alongside the severely indebted economies of Latin America.

Given this situation, the new government at New Delhi will have to access a facility of a minimum of $5 billion from either the Fund's Structural Adjustment Facility (SAF) or its Extended Fund Facility (EFF). India can theoretically borrow up to $7.2 billion but will probably borrow only $5 billion. It will have to repay the $1.8 billion it borrowed from the IMF early this year, before December.

Unlike the CCFF, the SAF is accompanied by strict conditionality which essentially embody the IMF's vision of how an economy can get healthy. Consisting of a series of economic measures, the package is put together after negotiations between the IMF and the recipient country. It includes the IMF's prescription of how the economy can rectify its current account imbalance.

Simple arithmetic

The essence of the IMF's perspective is simple. The aggregate demand in an economy has to be broadly equal to aggregate supply plus capital inflows over the long-term. In other words, persistant excess of imports over exports means that a country is absorbing more real resources from the world economy than it is contributing.

If a country had no access to foreign borrowings and imports had to match exports, then it would have to go through a deflation — the economy would be forced to slow down, people would have to be laid off till such time as they slowed down on consumption. If there was an unlimited supply of external borrowings, no such drastic

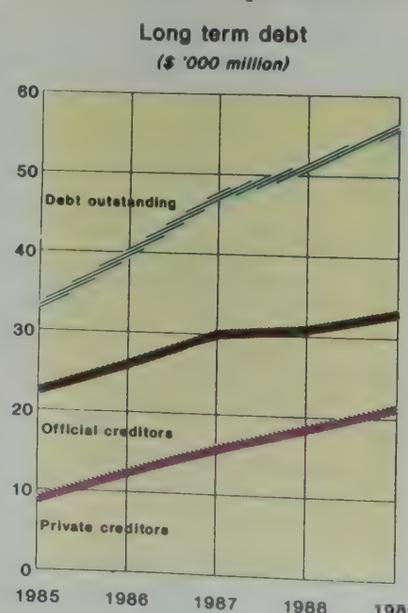




A modern toolroom: improving efficiency and competitiveness

remedy would be necessary. Unfortunately, external borrowings provide only a temporary reprieve. As the size of the external debt rises, foreign lenders would grow more averse to lending as the risk of default increases. This is where the IMF comes in.

While the IMF normally gives structural adjustment loans and concentrates broadly on macroeconomic parameters, the World Bank concentrates on concessional aid to developing countries and sectoral development. The Fund and the Bank are two legally separate institutions but often, but not always, they work together. For example, the Bank is currently negotiating a loan to the Indian financial sector which may, or may not, have similar preconditions to that of the IMF.



In most cases, the cause of imbalance is a rapid growth in government and public sector spending not matched by a commensurate increase in revenue. The IMF's prescriptions aim at the broadest level to deal with the cause of fundamental macroeconomic imbalance, ie, economic inefficiency and demand beyond the productive capacity of the economy. Yet, the IMF also believes that the efficiency and competitiveness of the whole economy can be improved by making it more market driven. The fiscal budget deficit has to be cut, but that is only the beginning. This, in turn, means reduction of government expenditure, subsidies, etc, and the boosting of revenue.

No pain, no gain

The roots of the pain caused by an IMF-sponsored structural adjustment are implicit in this prescription. Of course, a large number of people would like to have high growth, government expenditure, secure jobs, and large dollops of subsidies. Yet, the IMF message is: no pain, no gain. With India's none-too-flattering record of economic (mis)management over the last two years, the IMF will be talking tough.

This is something which will be compounded by the fact that a minority government now holds sway over the country. Such a government is perceived to be weak and without the requisite will to enforce measures to put the economy back on the rails. Thus, the IMF might take it on itself to advise the government on what to do. Says C.D. Wadhwa, fellow at the New Delhi-based Centre for Policy Research: "If a stable government was in office, the IMF might only set out its conditionalities in broad parameters. But now it will go into details about what needs to be done."

Not everybody agrees with that. For instance, S.L. Rao, director general of the National Council for Applied Economic Research, says: "The IMF has also gained experience over the years. It knows from its experience in countries like Chile that it is not desirable to set out such detailed conditionalities." Significantly, a World Bank economist in New Delhi commented that in India there is an awareness of economic problems like nowhere else in the world. Yet the implementation of solutions are continuously postponed. The typical refrains are, "reforms are politically unfeasible" or that "the ruling party is unable to muster political support".

Working closely

Though the mandarins in the finance ministry are tightlipped, it is fairly clear that over the last several weeks the IMF has been working closely with the caretaker government to have a package in place for the new government to consider. In fact, even the Congress (I) had worked closely with the IMF, before the assassination of Rajiv Gandhi, to prepare a skeletal budget. In this, the Congress had agreed to accept time-bound conditionalities.

Information from sources within the Congress, and from the World Bank's country report on India prepared recently by the agency and presently doing the rounds of the corridors of powers, indicate the following IMF conditionalities:

- Reduction of government deficits by reducing expenditure, especially subsidies on fertiliser and power (except to marginal farmers), and an increase in public-sector prices.
- Greater autonomy to the Reserve Bank, decontrol of financial institutions and even the denationalisation of banks. Further curbs on credit, both private and public, to slow down the rate of monetary growth. Financial liberalisation is also likely to be recommended. Apart from these, the Fund is also inclined to recommend abolition of priority sector lending to agriculture and the small-scale sector.
- The Fund is likely to recommend an exchange rate reform package consisting of currency devaluation, convertibility, substantial trade liberalisation, and the removal of export subsidies. This assumes that domestic producers and consumers must make their decision on the

basis of international prices.

- The right of exit for sick units.
- A broad programme of privatisation, beginning with the service industry. This would be followed with the hiving off of 50 per cent of the shareholding in heavy industry in the public sector.
- Finally, the government would look into avenues to privatise the extraction of mineral resources.

Though the IMF's terms appear sweeping at first sight, there is reason to believe that even with a minority government in place, the country has enough senior bureaucrats who have been in and out of the World Bank and the Fund to negotiate a deal which is not crippling. Again, the Fund is not the bogeyman that it was once thought of. In fact the Fund would rather see countries come up with their own structural adjustment programmes which they would like to approve. In any case, the bulk of the reforms are ones on which there is already a broad consensus in India — of course, on principle.

Over the last few years, the traditional antagonism between bureaucrats and businessmen has broken down and both are speaking the same language. Both sides see the need to make the Indian economy more market driven, outward looking and competitive. There is a broad commonality of vision about what needs to be done.

Reducing deficits

Keshub Mahindra, chairman of the Mahindra group, for instance, does not want to comment on or speculate about what the Fund's terms are likely to be. Yet, he does say that the reported desire of the Fund for a reduction of the fiscal deficit from 8.59 to 6.5 per cent is unexceptionable. He says, "If deficits are reduced everything will fall into place." But deficit reduction is only the first step.

Once deficit reduction is targeted, the IMF's approach of making decontrol of the financial sector a first target makes eminent tactical sense. The government has financed its deficits by either borrowing from the Reserve Bank, effectively creating fresh currency, or by resorting to market borrowings. Taken up by banks to fulfil their statutory credit ratios, treasury bills provided the government with a virtually inexhaustible source of funds. The World Bank has in fact suggested that the credit reserve ratios be reduced, as one way of reducing government borrowing.



Medicines: can they cure industrial sickness?

While there is an enthusiastic response to the Fund's proposal to give greater autonomy to financial institutions, other proposals are being accepted more gingerly. For example, D. Basu, deputy managing director of the State Bank of India, argues that a one-step deregulation of the financial markets could add to the already existing volatility in the money markets. "Would exports be viable if interest rates on export finance reached 20 per cent?" he asks.

There is also broad agreement that trade liberalisation will improve efficiency. Protecting infant industries behind high tariff barriers is clearly unfashionable now. India's high import tariff barriers at an average rate of 117 per cent make imports a totally unattractive option for its entrepreneurs. These again are supplemented by substantial quantitative restrictions. Such restrictions are effected by a screening procedure to license the country's imports, on a case-by-case basis. All this stops the economy from achieving international cost competitiveness.

Total exports and imports
($ '000 millions)



If anything inhibits industrialists from being enthusiastic about lowering trade barriers, it is the fact that the playing field is not really level. "Would we get inputs, for example, at international prices?" asks Ishaat Hussain, executive director for finance at Tisco. He is, however, confident about his own company's competitiveness in any case and doesn't see it being overly affected by a reduction in customs duties. "We are already exporting to some of the most competitive markets," he says.

An important component of trade liberalisation might be devaluation of the rupee. The IMF has been known to insist with other countries on devaluation. But, it is well known that a large one-time devaluation may prove politically difficult. While there seems to be some unanimity that a one-time devaluation of the rupee is a more favourable option than the creeping depreciation that we have favoured over the last decade, it might still not be insisted upon. Though convertibility is an issue for the negotiating table, it is unlikely that the IMF would insist on it right away.

On the domestic front, again, there is broad consensus that subsidies to fertiliser and power need to be cut. Kirit Parikh, director of the Indira Gandhi

Institute for Development Research, points out that it would be nearly impossible to cut government salaries; cutting fertiliser and irrigation subsidies is more feasible.

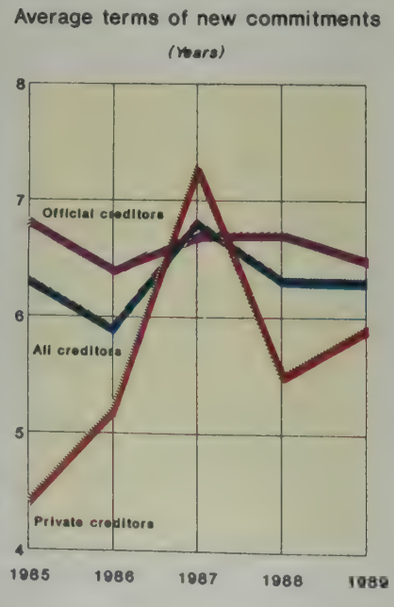
Raising fertiliser prices would force farmers to use it more cost effectively. Part of the money saved thus could be used to extend the area under irrigation. Alternatively, the savings could be utilised to subsidise the fertiliser purchases by small farmers. Even free tubewells could be supplied to the latter out of the savings. Productivity could, in fact, be raised in this manner.

Not anti-poor

Any proposal to cut food or fertiliser subsidies, therefore, is not automatically an anti-poor proposal. Nor is it sensible to label the IMF as anti-poor. The question here is to target subsidies to the neediest of the needy and to let all others sink or swim with their own efforts.

While on the subject of food grains, it must be noted here that their prices have risen in recent months despite the fact that government warehouses are almost bursting with stocks. These stocks could be used to moderate any increase in prices.

On the issue of privatisation too, there is little dispute about its necessity. As N.K.P. Salve, Congress(I) leader and chairman of the ninth finance commission put it, during a discussion on national television a few days after the elections, one of the major objectives of setting up a huge public sector was to provide a revenue base for the government. But the experience has been that, far from providing revenues to the government, the public sector has drained the treasury. Given this, it is imperative that the government should get out of large parts of public sector.



If there is any concern, it comes from the idea that the sale of public sector enterprises might be looked upon only as a revenue-raising exercise and a one-shot deal. "It might be looked upon as a substitute for necessary organisational reform, so as to avoid taking tough decisions on cutting subsidies. If that happens, in three years we will be back where we started," says Parikh of the Indira Gandhi Institute.

Word of caution

Hanumantha Rao, the eminent economist who has been an economic adviser to several Indian prime ministers, also has a word of caution. He feels that privatisation can develop competitiveness in sectors where the public sector has a monopoly or near monopoly. In such situations, a transfer of ownership will accomplish nothing. So, he feels that a closer look at the public sector and serious attempts to develop competitiveness are crucial. He fears that in the general privatisation mood, this will be overlooked.



Oil drilling: selective privatisation needed

Much of what the IMF prescribes makes economic sense; the rest depends on the government's ability to sell the deal, thorns and all, to the people. T.K. Bhaumik, assistant secretary general of the PHD Chamber of Commerce and Industry, points out: "Even if the government is able to cut budgetary deficits through cuts in non-development expenditure (and not development expenditure) employment in the short run will fall. This is because the major portion of employment in the last four years has been created through non-development expenditure — unproductive though it has been."

Many people are worried that the measures suggested will cut growth rates and the economy will go into a recession. But A.M. Khusro, editor of the *Financial Express* and a former member of the Planning Commission, suggests that this need not be so. He points out that fertiliser, food and export subsidies add up to the size of the budget deficit. He asks, "Why does the government want to subsidise three sectors of the economy when this causes the entire economy distress?"

Undoubtedly, there will be recessionary trends in certain sectors of the economy. People in those sectors will suffer; there may even be closures and job losses till the assets are sold and restructured. Also, the government will, in all probability, have to go along with the IMF demand to allow easy entry and exit to companies.

Quick compensation

But the rest of the economy is unlikely to be seriously affected. Parikh feels that growth rates will fall by only 0.5 to 1 per cent. He argues that cuts in government spending will be more than compensated by increases in the efficiency of the economy overall. Others also feel, as has been the experience elsewhere, that a revitalised industrial sector will very quickly create many more jobs than those lost.

The balance of payments should come under control, if the government cuts the fiscal deficit. Aggregate demand, which diverted production to the internal markets, will be reduced and producers will be forced to seek external markets. Yet, even with a stiff dose of currency devaluation, the gap between exports and imports will continue to grow until manafacturers gear themselves up to take on external competitors.

On the financial front, with quantum-related interest rates applying to priority sector lending, a movement to exclude

the relatively medium and large small scale units from concessional finance has already begun. Yet, bankers argue that financial deregulation should be introduced in a phased manner. Otherwise the current spurt in interest rates, as the experiment with market determined interests continues, could be accentuated.

Pent-up potential

Even with all these caveats, the IMF recipe should unleash the pent up potential within the economy. And yet, however desirable the conditionalities may be, it is apparent that the minority government will find it difficult to push through the reforms. Because of the very fact that it is a 'minority' government, the new governement requires the support of the other major parties in this move towards the IMF. Yet it is not clear that the other political parties are in a mood to support that.

Says Janata Dal supremo V.P. Singh: "I can't answer the question whether we will support an IMF loan. It all depends on the economic package that will come along with the loan." BJP president Murli Manohar Joshi too has a similar view. The CPM, with all its reservations against the IMF and the World Bank and its socialist pretensions, can hardly be expected to agree to the conditionalities. Said CPM spokesman, Harkishan Singh Surjeet: "We would like to explore all other possibilities, like raising funds from NRIs, before thinking of approaching the IMF." In fact, there may not be total unanimity even within the ruling party about the IMF conditionalities. A large number of MPs elected are from predominantly rural constituencies. Since a major impact of the IMF conditionalities seem to be affecting the farm sector, such MPs will necessarily resist the idea. Said one such MP: "How can food and fertiliser subsidies, higher costs of farm inputs, and abolition of the differential rate of interest for agriculture be supported. This will only give a handle to Devi Lal and his likes. They will bounce back."

Neither will labour leaders, cutting across party lines, be agreeable to such a package. Says George Fernandes: "Given the compulsions of the Indian polity, will the IMF understand the country's problems and not insist on some of the tougher conditions to allow the Indian government to save face. In other words is there any room for manouverability while negotiating with the IMF?"

Given the experience of our bureaucrats in dealing with institutions like the IMF, it is unlikely that they will be pushed around. Given the magnitude of the problems facing the country, even a majority party would have to take the opposition parties into confidence. Pranab Mukherjee is toying with such an approach. It would make opposition leaders more aware of the gravity of the situation. It would also make them more responsible in their opposition.



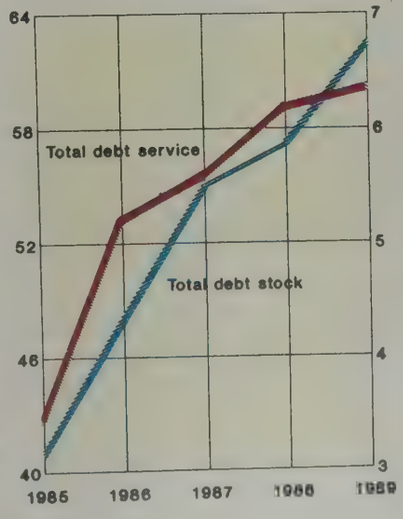
A watch factory: no more cheap finance for medium and large units

Easier to negotiate

However, for this government, it will be easier to negotiate with the IMF. It has experienced hands and senior leaders, who have been ministers before and know how to deal with the bureaucracy. "We are not as closed as the socialist or the leftists are to what they called imperialist ideas," says Mukherjee.

If, however, the Congress (I) works with the constant fear of a mid-term poll hanging like the Sword of Damocles over its head, its government will prove more unsuccessful than the Janata Dal's. It will have to face up to all opposition, take cognisance of the need of the hour and take tough decisions. It will have to work efficiently and deliver what its late leader Rajiv Gandhi had promised: a government that works.

Total debt stock and service
($ '000 millions)



Agreeing to the IMF conditionalities would, at the very least, signify a recognition of the fact that, in the quest of a self-sufficient India, the leadership of this country has, for all these years, taxed the poorest segments of the population most severely to subsidise protected industries and the protected jobs of the middle and upper classes. Those who flourished did so because they could exploit the weaknesses of an over-regulated system. It is these elements who can be expected to fight hardest to prevent implementation of reforms like the ones likely to be suggested by the IMF. The shift must be to a new situation where we redefine self-sufficiency to mean the ability to pay our way in the world and to be able to earn enough from exports to pay for all our foreign exchange needs. It is only then can we say that we are equals amongst the other nations of an increasingly interdependent world.

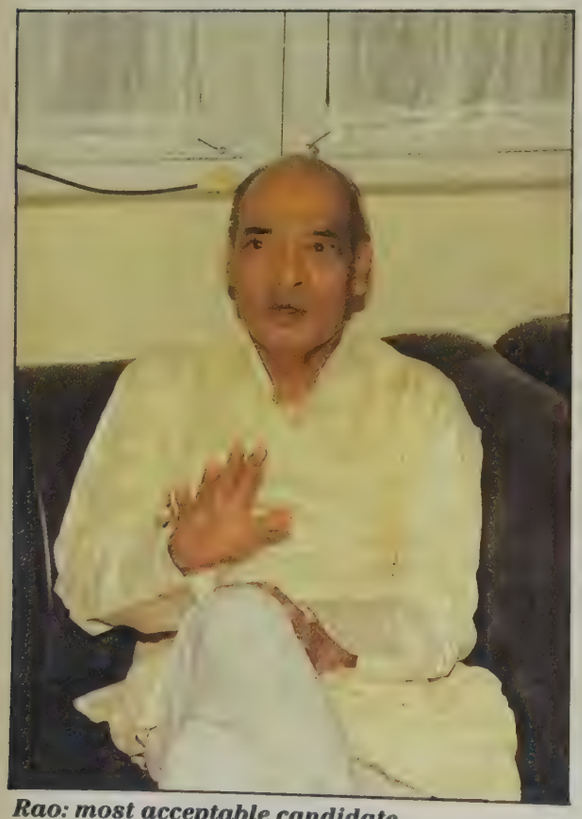
It is by no means clear which side will win eventually. What should be clear to everyone by now, though, is this: it is only through the implementation of such reforms that India will be strong enough to avoid having to approach the IMF for help ever again.

■ ARIF SHARIF, RUCHIRA GUPTA, KINGSHUK NAG and EAPEN THOMAS

The winner and the vanquished

The drama attending P.V. Narasimha Rao's nomination as prime minister by "consensus" last week was a sad reminder that the Congress (I) is yet to come out of the shadows of the politics of the Indira Gandhi era. Patronage and sychophancy rather than intra-party democracy triumphed while the party struggled to find a new leader

Groomed in the Gandhi family school of political patronage for well over two decades, senior Congress leaders forcefully and successfully resisted all attempts to shove aside their atavastic feudalistic ways last week, as they installed — "by consensus" — the 70-year-old P.V. Narasimha Rao as the new prime minister of India.



Rao: most acceptable candidate

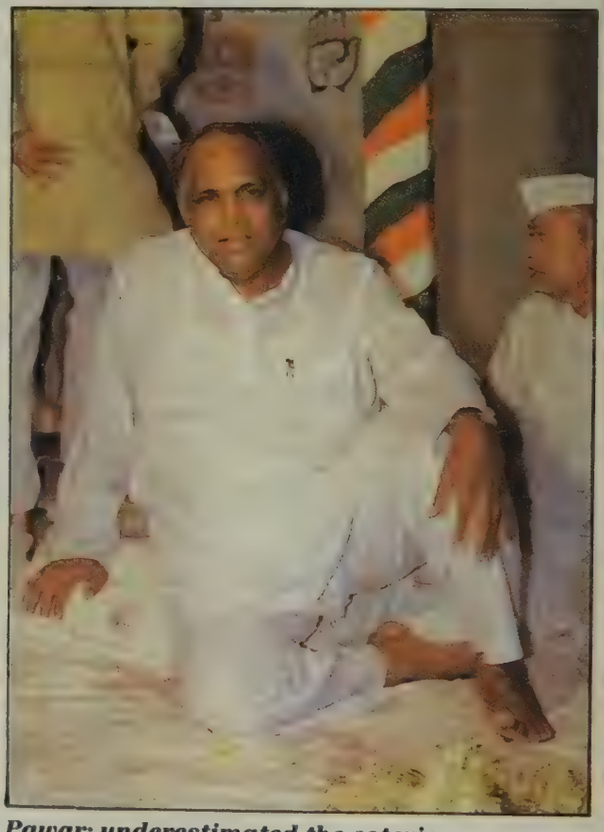
Amidst all the gloom that descended on the country last month following the assassination of Rajiv Gandhi, the effect of the tragedy was somewhat mitigated by the comforting thought that it represented a chance for the century-old Congress party to go back to its old and forgotten tradition of being governed by inner party democracy. But that was not to be — as Maharastra chief minister Sharad Pawar found out last week as his efforts at becoming the prime minister through a democratic process was systematically destroyed by his own partymen. And while Pawar, a grassroot politician with a mass base, lost out, Narasimha Rao who, despite his impressive credentials as a Congress party ideologue, had never won an election to the Lok Sabha on his own strength, made it into the South Block.

Despite the fact that he never publicly said so, all through the last month of election campaigning it was quite evident that Sharad Pawar was a serious contender in the race for the prime ministership. In the meetings that he addressed after Rajiv Gandhi's assassination he had suddenly changed tracks from talking about regional Maharashtra-oriented issues to ones about national unity, Punjab and Kashmir. And privately he did admit to close friends and some journalists that moving to Delhi was seriously on his mind.

At that time, Pawar's hopes were bolstered by the fact that many Congress leaders from the south, especially the likes of K. Karunakaran, the Kerala party boss had stood by him when he had mildly resisted the efforts of R.K. Dhawan and company to have Sonia Gandhi installed as Congress president within 24 hours of Rajiv's assassination. And Karunakaran along with Janardhan Reddy of Andhra Pradesh and S. Bangarappa in Karnataka had at one time or the other indicated that they would support him in case of a race for the prime ministership. Pawar's task to announce his candidature in public fora was made easier by foe-turned-friends like A.R. Antulay who had already started proclaiming him as the prime minister of the country.

In retrospect though, Pawar did seem to have made one mistake — of proposing the then-thought-to-be non-controversial P.V.Narasimha Rao for the post of the interim president of the Congress. Rao had, at least in the initial stages, given the impression that he was not interested in continuing in active politics (he did not seek a Congress ticket from Rajiv Gandhi for the 1991 elections on the ground of ill health) and Pawar seems to have readily believed him. In fact, talking to two foreign journalists at his farm at Baramati, near Pune just two days before the elections he had talked about N.D. Tiwari and Arjun Singh being the real competition for him rather than Rao.

On the evening of Sunday 16 June, as the news from the election counting centres first started flowing in, Pawar sitting at Varsha, his Bombay chief ministerial mansion, seemed a happy man. Early results indicated that the Congress had done better than even he had expected in Maharashtra, and to a friend calling from Delhi he had rightly predicted a rout for the party in Uttar Pradesh and the fact that it would not get a majority. For



Pawar: underestimated the coterie

Pawar this meant one important thing — N.D. Tiwari, at least, was out of the race for the prime ministership.

So, by the time he flew down to Delhi in the early hours of Tuesday morning, Pawar probably was making plans to battle Arjun Singh, rather than Narasimha Rao, in his bid to become prime minister. But the hardworking minds of the likes of R.K. Dhawan, Makhanlal Fotedar, Satish Sharma, Vincent George, Ghulam Nabi Azad, Pranab Kumar Mukherjee, all of whom were till then scared of political demise, had a different kind of reception planned for even as wily a politician as Sharad Pawar.

A vain try

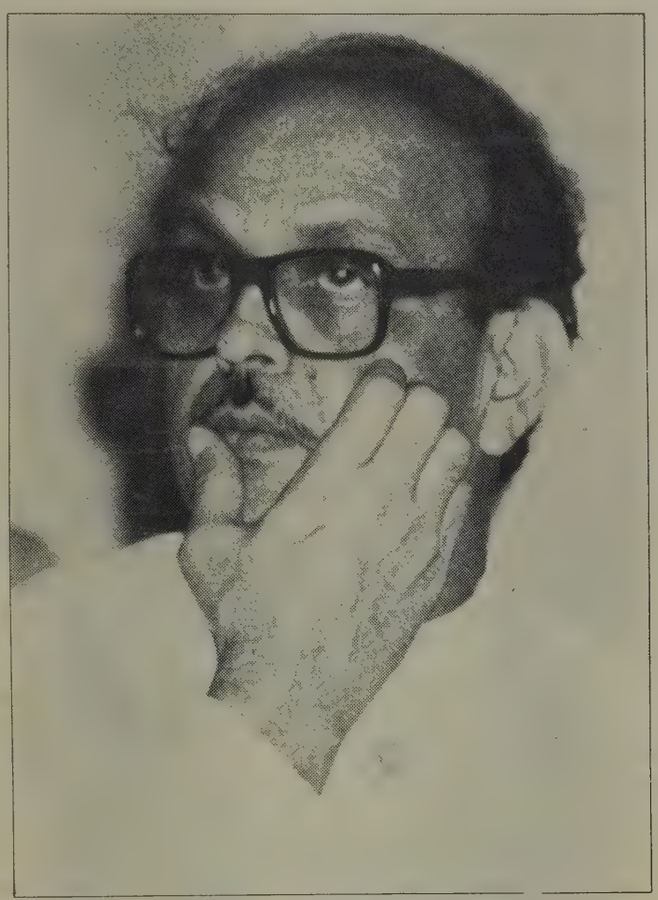
Pawar, some say had lost his bid even before he landed in Delhi considering the kind of intense lobbying undertaken by the so-called coterie. Under no circumstance did they want Pawar, who has his own power base, to take charge in Delhi. On Sunday they got one of their own proteges and Pawar's foe, Shivajirao Nilangekar, the president of the Maharashtra PCC(I), to make a press statement declaring, "anyone but Pawar".

The coterie has had an old enmity with Pawar. After all, a large number of old time Congressmen still consider the Maharashtra CM as a betrayer and an usurper. A Congressman till 1978, he had toppled the Indira Gandhi-appointed Vasantdada Patil ministry in Maharashtra by walking out of the party and teaming up with the opposition to become the state's chief minister for the first time. Mrs Gandhi never forgave him in her life time and it was only after all other efforts to enlarge the Congress(I)'s base in Maharashtra failed that Rajiv Gandhi wooed Pawar back into the party in late 1986.

But the likes of Dhawan and Mukherjee, die-hard Indira loyalists, never really patched up with him. During the 1989 general elections when Pawar flew to Delhi with the list of candidates for the Lok Sabha polls, he was made to wait in the reception room at 7, Race Course road. When, affronted, he decided to go back to Bombay without meeting Rajiv Gandhi he was told by R.K. Dhawan, "You look after your state and we will look after Delhi." His list was not considered and the party fared badly in the elections.

But when the assembly elections came around, Pawar went quietly to Delhi, met Rajiv secretly and got his list through. The party performed much better. Since then the coterie, which was bypassed, has seen Pawar as a potential threat. They worked hard at convincing Rajiv that the Maharashtra chief minister was trying to establish a parallel power centre. They even carried back reports of Pawar taking lessons in English as proof of his growing ambitions.

Now, as Pawar made his prime ministerial intention clear, they worked overtime to check him. They pulled in Rajiv's widow, Sonia, to back their move so. It was, reportedly, at their behest that she began meeting MPs and showing her prefrence for Rao. Earlier, some of these MPs had supported Pawar, but they backed out after meeting Sonia. Part of the strategy was to project Arjun Singh as a dummy candidate to block Pawar and ultimately, as a consensus, appoint Rao to the post. The move for unanimity and consensus in the choice of the candidate for prime ministership was the inspiration of the coterie.



V.P. Singh: the BJP needs to be contained

But what they did not reckon with was that their dummy candidate — Arjun Singh — would suddenly become ambitious himself. He tried to provoke a direct confrontation between Rao and Pawar so that he could emerge as the consensus candidate. Towards this end he got Kamalnath, MP from Chindwara to speak for Rao: "Those who deserted the party in times of crisis (Pawar during the Emergency) should not lead the party now." Later it was learnt that he was appeased with the promise of the party presidentship.

In the three days of the ding-dong battle that followed, Pawar pulled all stops to try and checkmate Narasimha Rao's candidature by raising the issue of democratisation of the party. All Congress leaders who felt that this was the one chance to get rid of the personality cult which had overshadowed the party took his side. "Those who believe in the importance of the MPs over the coterie are with Pawar," explained Suresh Kalmadi, Rajya Sabha MP, and a Pawar supporter.

Surprise support

Also backing Pawar, surprisingly, was Madhavrao Scindia. One of his supporters says the scion of the Gwalior royal family believes that the "secret ballot is the best bet for strengthening the party which has not had elections for 25 years." P. Shivshankar, Najma Heptullah and 30 other RS MPs also rallied around the Maharashtra chief minister. Through the help of Jyoti Basu, Pawar even met another old enemy, industrialist Dhirubhai Ambani over lunch in the hope of bringing some more MPs into his fold.

But what really seems to have worked against Pawar was the fact that Kerala Congress chieftain K. Karunakaran, who had initially promised him support, backed out after the first day and started canvassing actively for Narasimha Rao and the so-called 'consensus' candidature. Apart from being an old-time Congressman, Karunakaran had suddenly acquired importance because of the fact that as many as eighteen Congress MPs were elected from Kerala. He claimed that he had an old-time 'emotional bond' with Rao and could not leave him in the lurch. And when asked why he himself did not stake a claim for the prime ministership, he replied that he preferred to be the king-maker.

Apart from making sure that in case of a secret ballot a majority of the Congress MPs from Kerala would not back Pawar,

The quiet veteran

Pamulaparti Venkala Narasimha Rao may not have wished for the prime ministership of India as a birthday gift (he turns 70 on 28 June). An offspring of a genteel middle-class family, Rao has never harboured tall ambitions. It is possible that despite his long innings in politics, the idea that he would one day rule the country may never have crossed his mind.

Rao has never posed a threat to any party leaders, who have perhaps perceived him, at best, as an able second-in-command. In fact, he has always moulded himself to the wishes of the party leader, without consulting whom he has never been known to take any decision. To cite an instance: Rao belongs to the old guard in the Congress party. He is of the traditional school of thought which sees a place for the public sector at the commanding height of the entire industrial structure. He vociferously opposed Vasant Sathe's proposal that liberalisation be part of the Congress economic programme in the 1988 Congress Working Committee meeting in Madras. Yet, this year he was involved in drafting the Congress manifesto which has on its agenda privatisation and a reduced role for the public sector!

Self-effacing "draftsman". Communist leaders, therefore, jokingly say that Rao is "just a good draftsman". But this, according to senior Congress leaders, is typical. Rao submerges his own personality to whatever he feels is the party's wishes. In fact, this self-effacing trait could be why he has survived for four decades in a party riddled with cliques and factions without having any support base of his own. He even lost his Hanamkonda Lok Sabha seat in Andhra Pradesh in the 1984 "sympathy wave election" (following Indira Gandhi's assassination) to an obscure BJP candidate. He played safe in 1989 by fighting from Ramtek, Maharashtra, a seat which ironically Sharad Pawar helped him win.

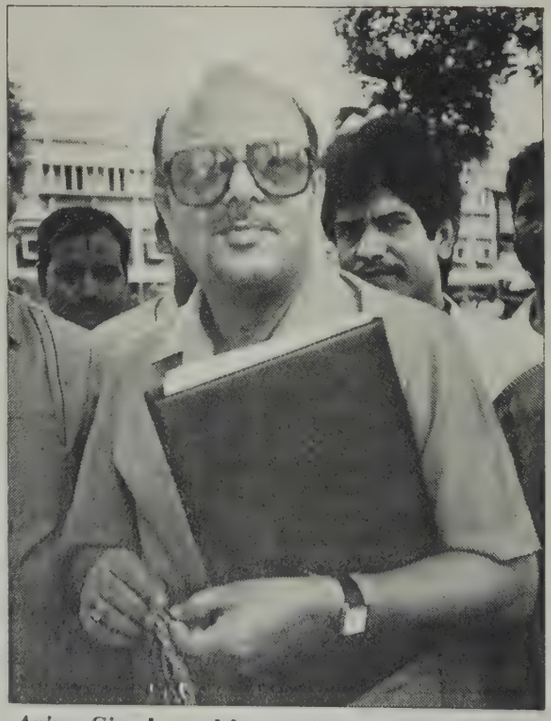
Rao's long innings in the Congress has been marked by steadfast loyalty to Indira Gandhi and her son. To please Rajiv (according to Margaret Alva), he even went to the extent of taking flying lessons and developing an interest in computers — he has three at home, including a laptop. As HRD minister, Rao reportedly told Rajiv that he had prepared the entire national education policy on his PC.

A strong believer in the status quo, Rao is short of ideas but can implement them very well once they are suggested to him. He has not left his mark on any of the important portfolios he held — HRD, foreign affairs, defence, health and family welfare, and of course, the controversial home ministry during the infamous 1984 Delhi riots. However, senior bureaucrats think highly of him. They say he is

the wily Karunakaran also made sure that his old time colleagues like G.K. Moopanar from Tamil Nadu and Janardhan Reddy from Andhra Pradesh also came out in favour of Narasimha Rao. On the other side, members of the coterie went a step further and spread the news that justice and law minister Subramaniam Swamy, also an old time Pawar enemy, had sent files relating to an alleged land scam involving Pawar in Bombay to the President. On Wednesday afternoon Pawar met friend N.K.P. Salve for lunch where the latter told him about the Swamy incident.

Lost support steadily

Eventually, by Wednesday night (19 June), Pawar found that the support for him was whittling away by the hour. The only solid non-Maharashtra leader who was still with him was Madhavrao Scindia, and a rough count indicated that in case of a secret ballot he would get less than a 100 MPs to support him. And so, on Thursday morning he called up Karunakaran at the Kerala House to tell him of his decision to bow out of the race. Soon thereafter, he issued a letter to Narasimha Rao saying that he was opting out of the race in the interests of the party. And a few hours later Rao was, as desired by the coterie and the likes of Karunakaran, elected by 'consensus' as the leader of the Congress parliamentary party. "Sharad Pawar," said an old friend who had camped in Delhi all through the drama, "suffered from the severe handicap of the lack of a strategist like R.K. Dhawan to campaign among the MPs to support him."



Arjun Singh: sudden ambitions

The advantage of having Rao as prime minister is that he has always been a survivor, and, therefore, not displeased or alienated anyone. In that sense, he is the most acceptable and could pull all the different forces of the party together. The shift of the Congress power base to the south now could mean more political patronage to that area. This could lead to discontentment in the North and consequent dissidence in the Ganga-belt cadre. But it could also pull South and North together because now that the region below the Vindhyas will dominate the politics of the ruling party, the South may not feel left out. At the same time it could erode the strength of other regional parties in the South which grew out of a sense of alienation from the national mainstream.

The perceived disadvantage of Rao's prime ministership is that since he is a nominee of the coterie he will be a tool in their hands. Already they have surrounded him and have begun to make him inaccessible. No reporter was allowed to meet him even on days preceding his appointment, and when this correspondent did manage an entry, Rao was found surrounded by Azad, Dhawan and Fotedar. Rao barely answered one question, and a request for a photograph elicited the response, "Please take permission from Azad."

Meanwhile, the next few days promise to witness horsetrading on the grand scale as the Congress party is still short of a majority and neither the Left Front or the National Front is willing to enter into

efficient, painstaking and takes intelligent decisions.

Rao's track record in academics is quite good. He studied at the Osmania, Bombay and Nagpur universities (BA, LLB). (He had wanted to study maths at Cambridge.) Rao topped his school leaving examination but was not allowed admission in a college there because he had taken part in an anti-nizam procession. That led him to Nagpur University where he graduated in science. While receiving his law degree from Bombay University, he earned a gold medal.

Literary linguist. His academic qualifications are backed by a razor-sharp mind. A Spanish television crew was amazed when PV replied in fluent Spanish to a question put in English. He speaks Telugu, English, Hindi, Marathi, Urdu, Persian, Sanskrit, Arabic, French, Spanish. He has also translated a Telugu book into Hindi and a Marathi novel, *Pan Lakshat Kon Gheto?* (*But who takes notice?*), into Telugu. For six years he was chairman of the Jnanpith award committee.

However, Rao's tenure as Andhra chief minister (1971-73) was marked by the beginning of the separatist Telengana stir following which he resigned. Indira Gandhi then decided to pull him into national politics. He was made party general secretary during the Emergency and external affairs minister in 1980. Since then he has not looked back. He was given the home portfolio a month after Operation Bluestar. Rajiv made him defence minister, then shifted him to the new human resources development ministry.

This was when he allegedly tried to cut to size Rajiv's biggest detractor — V.P. Singh. Rao is believed to be a disciple of Chandraswami, prime accused in the St. Kitts forgery case. Rao's detractors say that as foreign affairs minister he was involved in the forgery which showed that V.P. Singh's son, Ajeya Singh had an illegal account in St Kitts which violated the Foreign Exchange Regulation Act.

A Brahmin by birth, Rao belongs to the community which kept the village land records for centuries in Karimnagar in Andhra Pradesh. He has three sons and five daughters, none among whom live in Delhi. His wife died in 1969. He is not known to be corrupt nor to favour any member of his large family. Jaipal Reddy of the Janata Dal, a close friend of PV's eldest son Ranga Rao, who is now a Congress MLA in Andhra Pradesh, testifies: "As far as I know, he has been relatively clean throughout his career."

Rao decided not to contest the elections on health grounds — he recently underwent a heart bypass surgery. But considering he has now accepted the more taxing task of heading a minority government, he perhaps did not contest because he feared he would lose.

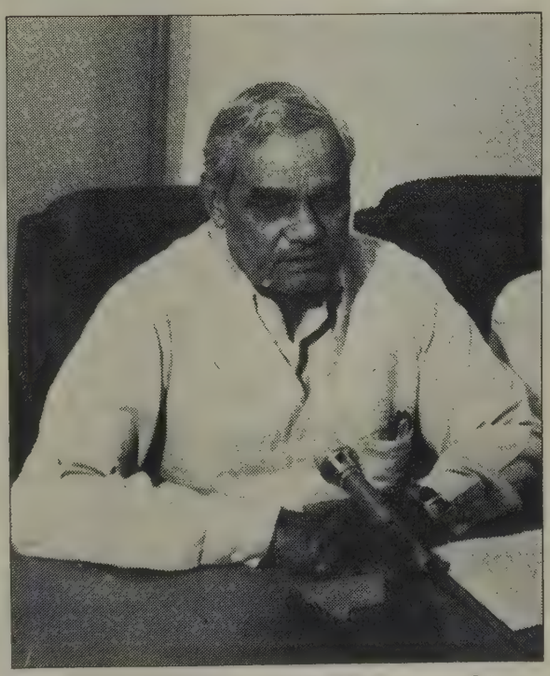
■ RUCHIRA GUPTA

coalition with it. Says V.P. Singh, "If we nter into a partnership with the Congress, we will hand over opposition to the BJP, which will be very dangerous for the ountry." The Left Front is wary of entering into a coalition, in spite of Jyoti Basu rying to persuade the politburo to do so, ecause they remember the time when he CPI supported Mrs Gandhi. "At that ime, the image of Mrs Gandhi and her arty was seen as progressive and the imge of the CPI suffered. In fact it has never ecovered since then," said a CPM politburo member.

Big business tries hard

ndustrialists camping in Delhi were trying very hard for a Congress-CPM coalition. They are also attempting to break away a portion of the Janata Dal. Dhirubhai Ambani camping in a five-star otel in Delhi, according to informed ources, arranged a meeting between Jyoti Basu and R.K. Dhawan. Pranab Mukherjee was also present. Sanjay Dalmia was trying to persuade Ajit Singh to defect. Rajan Pillai of Britannia was also seen camping at Taj Mansingh, and so was a member of the R.P. Goenka family. Bihar chief minister Laloo Yadav was approached by a member of the Birla group but, so far, he has resisted all efforts to get the Janata Dal help the Congress.

Orissa chief minister Biju Patnaik and Ajit Singh were quite keen to join with the



BJP leader Vajpayee: totally opposed to a coalition with the Congress

Congress in some sort of coalition but the Lohiaites in the party — George Fernandes, Sharad Yadav and Ram Vilas Paswan — severely reprimanded them for even thinking that way. "We will lose our entity if we do so," said Madhu Dandavate. However, at the meeting of the party's parliamentary board it was decided that all those who wanted to join the Congress would be allowed to do so and to prevent the anti-defection law from applying to them the party would say, if they liked, that they had been thrown out of the party.

The BJP was not averse to participating in a national government but is totally opposed to a coalition. It feels that its continued projection as the only party who has never had any truck with the Congress or derived any of its leaders from there is an advantage it can build upon. But senior Congress leader Vasant Sathe feels that the BJP's showing in the elections is the maximum it will ever achieve. "It has the free run of UP but if it cannot deliver administration or the temple it will lose the third state in the cow belt and then where will it stand? It will have played its trump card of Ram."

The BJP's leaders have met several times in the last few days to work out their role as the main opposition party. On several counts their manifesto tallies with the conditionality of the IMF loan, and a strange situation could develop in parliament with the opposition parties supporting some of the bills and the parties which have decided to support the ruling party issue by issue opposing its bills. The tenth Lok Sabha promises to be one of the most tumultous parliaments in history, with direct confrontation between the various parties likely on several issues.

■ RUCHIRA GUPTA



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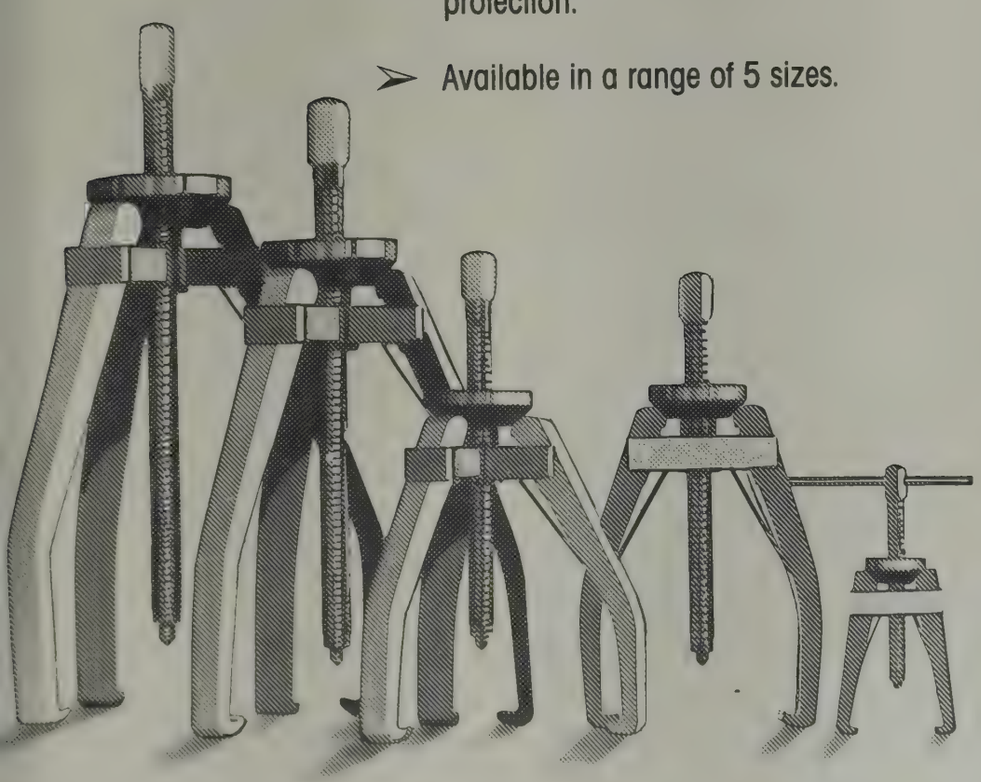


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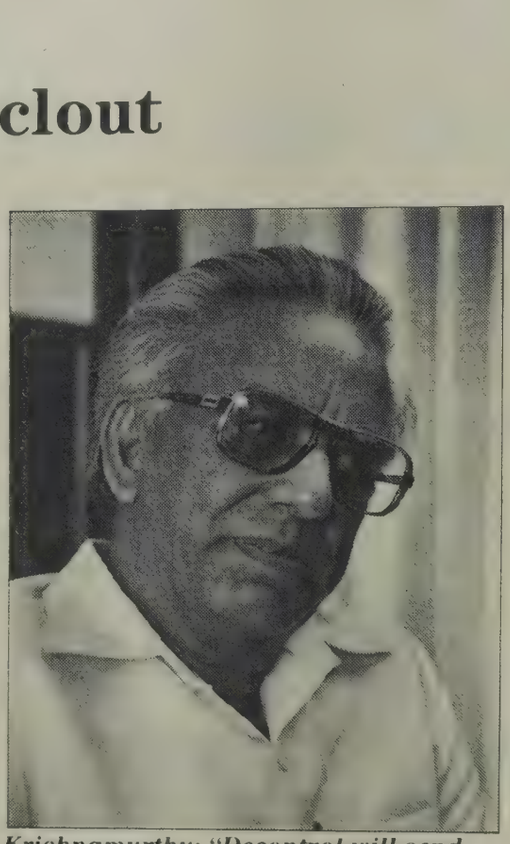
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STEEL

Of controls and clout

The severe foreign exchange crisis which hit the country two months ago has brought to a halt many forward looking proposals of the government of India. One of them is a scheme to deregulate the prices and distribution of steel.

The proposal was at an advanced stage, when last fortnight, the ministry of finance refused to clear a part of it. Specifically, North Block bureaucrats were chary of consenting to that part of the proposal which envisaged freer imports of steel (by putting it on the open general licence) simultaneously with deregulation. This move was obviously to prevent domestic producers from hiking prices after deregulation — a distinct possibility in the prevalent situation of excess demand.



Krishnamurthy: "Decontrol will send prices up"

Overdue move

With that a long overdue move — which has been pressed for by the two main steel producers, SAIL and Tisco — goes to the back burner for the time being. The proposal for decontrol was, in recent years, pushed forth by the then SAIL chairman, V. Krishnamurthy, and Tisco chairman Russi Modi, two years ago. But what brought things to a head in recent months was a report on the subject by the Bureau of Industrial Costs and Prices (BICP).

The BICP study categorically recommended decontrol of steel prices (in a phased manner) and simultaneously reduction in import duties to allow for imports at reasonable price levels. The BICP report itself was based on a study done by the National Council for Applied Economic Research (NCAER) which held that by lowering the import tariff on steel by approximately 50 per cent, Indian steel would become 13 per cent costlier than the landed prices of imports. To decrease domestic prices of steel by 13 per cent and become competitive with imports, the main producers would have to increase their efficiency by 17 per cent, the study stated. Apparently, the BICP checked with SAIL the possibility of increasing efficiencies at this rate and the public sector company's answer was in the affirmative. So, presumably on the basis of this assurance, BICP gave its recommendations.

Even though steel decontrol is now on the back burner, both SAIL and Tisco officials are optimistic that sooner or later the move would be revived, the forex crisis notwithstanding. Says a senior Tisco official: "There is no other way. Had it not been for the fall of the Chandra Shekhar government it would have gone through in the last session of parliament. But we expect that any new government which comes in after the elections will be forced to pass it."

In fact, many steel industry insiders think that if a proper government were in place it could well have approached the World Bank and IMF for a structural loan to finance the imports of steel that would result from its being put on the OGL. This would have obviated the need for putting a draft on the scarce forex resources of the country. "The multilateral agencies would surely have lent for this purpose," says one such advocate of this line of thought, "because linked to the fortunes of steel is the entire industrial edifice of the country."



A SAIL plant: decontrol alone is not the answer

Case for decontrol

However, price and distribution controls do not apply to the whole of Tisco's or SAIL's production, but according to estimates only to 60 and 87 per cent of their output respectively. All this is a result of a process of gradual decontrol since 1964 by which many steel products are outside the purview of controls.

On paper, the case for decontrolling steel prices and its distribution is crystal clear. In the words of former SAIL chairman, V. Krishnamurthy, who during his

tenure vigorously campaigned for decontrol: "In a situation where the supply situation is bad, price and distribution controls have stunted growth in the industry and sapped the enthusiasm of producers. It has also distorted the investment pattern and prevented supplies from keeping pace with demand. Besides, distribution controls have bred corruption."

This is not all. According to a note prepared by SAIL: "(because of controls) capacity creation has remained inadequate. Capacities have been of inefficient scales of production adopting cost ineffective technologies... (simultaneously) controlled imports have insulated the domestic industry from international competition..." All this has led to an adverse impact down the line. Steel production costs and hence price have been higher than what they should have been. In turn this has raised the costs of production of engineering goods.

The peculiar thing about controls on steel is that it only applies to the main producers: SAIL and Tisco. The significant amount of steel produced in the secondary sector (the mini-steel plants which use electric arc furnaces) is outside the ambit of any price or distribution controls. Not only this, the main producers are also subject to some additional levies — like contributions for the steel development fund, engineering goods exports assistance fund and JPC cess — which do not apply to the secondary and tertiary sectors. Says a SAIL official who does not want to be named: "As such this policy is discriminatory and perhaps bad in law. How can you justify things like the fact that bars and rods produced by mini-steel plant re-rollers are free of controls, while identical items produced by SAIL and Tisco are controlled. And this is only one example."

The mini plants' view

But the mini-steel units feel that, by and large, there are strong reasons for the products of their plants not coming under price control. For one thing, the product mix and consumer profile of the mini-steel units are quite different from that of the integrated steel plants. The latter mostly concentrate on heavy steel products like rails, heavy structurals for bridges and other construction work.

"Most of the products from mini-steel plants go to a large number of medium-sized consumers in engineering and construction while the products of integrated plants go for large construction and engineering projects," points out R.N. Singh, executive director (commercial), Mahindra Ugine Steel Company (MUSCO). "In fact the government itself is a large purchaser of steel from the main plants and that is one major reason why it wants to control the prices to some extent," he adds. The railways, for example, is one of the large buyers of steel from main plants. The argument is that if the steel prices go up it will create a ripple effect and ultimately the common man will have to bear the higher prices.

Another reason why the mini-steel plants should not come under price control, says Singh, is that the prices of their raw materials like scrap, ferro alloys, electrodes are determined on the basis of market forces, unlike the main inputs like iron ore and coal for the large plants which are mostly controlled by either the central government or the state agencies. "If the government cannot control the input prices how can it control the output prices?" asks Singh.

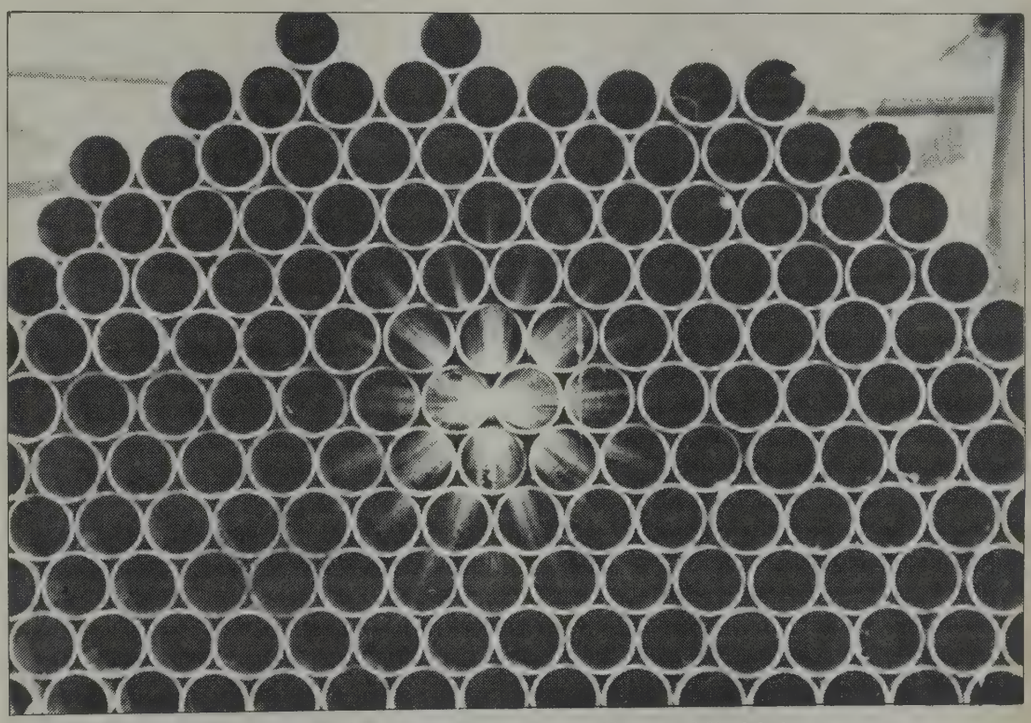
Operationally, monitoring prices of a mini-steel plant is also very difficult as there are nearly 175 all over the country. The quality of their products also varies widely making standardisation very difficult.

Effect of controls

And above all, even if the products of mini-steel units were brought under price control, it would not have made much of a difference to the large plants because only about 15 per cent of their total production is of products common to those of mini-steel plants.

But this does not mean that mini-steel units are against decontrol. "We wholeheartedly support the withdrawal of price control on steel. Let there be fair competition and let the efficient units reap the benefit," observes a senior official in Mukand Iron & Steel, the largest among the mini-steel units.

A SAIL official points out that controls affect steel companies in other ways too. "For instance, in situations of shortage, the distribution guidelines have to be strictly followed by producers. But in surplus situations there is no basis on which the consumers can be persuaded to increase their offtake. When stocks build up, the steel companies are accused of not being market-oriented."



Steel tubes: Indian production costs are among the world's highest

It is not that controls affect the main steel producers only adversely. They often take advantage of the situation, to the detriment of their consumers. This is only possible in a situation of control. As S.P. Pal, associate director of NCAER and a member of the working group on steel for the Eighth Plan puts it: "Operating under captive market conditions and a situation of perpetual shortages works to the advantage of the main producers. They do not understand the market and neither do they want to. This is especially so in the case of finished products."

In such a situation production plan

ning is faulty. Pal gives an example. He says that in recent years the Bhilai steel plant has added capacities for thick quality plates for which there is no demand. At the same time thinner varieties have to be imported. "In a competitive markets only products in demand would have been produced," says Pal.

Bypassing regulations

Another reason why there should be decontrol is that all the time, and often successfully, SAIL and Tisco are looking for ways to bypass the price regulations. An insider points out: "For the last few months SAIL has not been making enough profits. So it bypassed the JPC control on prices of billets and blooms by decreasing the sizes of billets and blooms and calling them mini billets and blooms. These are being sold in the market to rollers at prices higher than the controlled ones. So what is the use of controls if anyway they will be bypassed?"

Price controls lead to distortions in other forms too. It often leads to cross-subsidisation of certain steel users by others. A steel analyst points out: "For a number of years the construction industry is being subsided by users of steel in the industrial sector. This is because flat products used by the construction industry are under price control and to compensate for the losses due to the unrealistic prices, other products are overpriced, something which is possible because of the monopolistic nature of the producers."

In the final analysis, just decontrol of prices and distribution of steel will do little to revamp the country's steel industry, whose production costs are among the highest in the world, despite the availability of all raw materials locally. Comments an analyst: "So long as there are only two main producers of steel, both of whom enjoy enormous clout with the government, things are not going to change. Only if the monopolistic position of these two companies are eroded can there be genuine decontrol."



Salem steel plant (SAIL): SAIL thinks modernisation is most critical

The government obviously is aware of this. In line with this thinking, last year it allowed the private sector to set up steel plants of up to one million tonnes per annum capacity. But as insiders point out, nothing much has happened with the implementation of the policy, primarily because of the pressures exerted by SAIL to prevent licences being granted. SAIL officials deny this.

Decontrol alone won't help

It is interesting to note that while SAIL and Tisco have been clamouring for decontrol, that alone will hardly put the industry on an even keel. Perceptive analysts point out in a shortage situation prices would shoot up. This is why the main producers are unhappy with the idea of putting steel on the OGL for imports. The thinking in SAIL is that plant modernisation is the most crucial issue confronting the industry. To accomplish that resources of about Rs.13,000 crore are necessary, which will not be forthcoming from the central government budget. The only way that SAIL can raise the necessary resources is by freeing prices which will then escalate, and then finally mopping up the surplus.

This is what it is attempting to do with its Burnpur plant. Its capacity has been derated to between 0.3-0.6 million tonnes so the traditional reason of clamping controls on 1 millon tonne plants does not hold. Then, a substantial proportion of its product range is produced in the private secondary steel sector which is outside the JPC's control. "So why should one manufacturer receive a price twice that of another for the same product," says a SAIL official. More importantly, the Burnpur plant has consistently made losses (not owing to SAIL's management as it was taken up from the private sector) and SAIL hopes that by taking it outside JPC controls the plant will begin making cash profits at least by next year.

Steel consumers are aware of this line of SAIL's thought and that is why they do not unconditionally welcome decontrol. Said a senior official of the Confederation of Engineering Industry (CEI): "As a concept we agree that there should be decontrol and market forces should be allowed to operate. But it has to be ensured that simultaneously imports are on OGL."

Even V. Krishnamurthy confesses: "With decontrol there will be a natural tendency for prices to go up. But I am sure Tisco and SAIL will not take consumers for a ride." And a TISCO official says candidly: "The prices of 30 per cent of the products will go up in the short run."

An indication of things to come may also be had from what has happened to steel prices for that part which is decontrolled. In the last one month prices of billet per tonne have risen from Rs.8,500 to Rs.10,500. All this only points to the need for fresh capacities to give decontrol a genuine meaning. But adequate capacities may not be too easy to put up. The demand-supply gap for steel, which was 14.2 million tonnes in 1990, is expected to go up to 22 million tonnes by 1995 and 32 million tonnes by the turn of the century. ■

KINGSHUK NAG and ARIF SHARIF with DILIP MAITRA in Bombay

VST INDUSTRIES

Seizing the moment

The cigarette manufacturer has turned in a sterling performance in its diamond jubilee year — the culmination of three years' strategic planning. The drive to achieve technological supremacy and its most ambitious move into the premium brand segment reflect the new spirit in the company

Quite often success is a matter of getting timing right. Ravi Bhoothalingam, managing director of the Hyderabad-based VST Industries Ltd, certainly has. A strategic plan, set into motion three years ago, to develop a world class manufacturing base, achieve "quality through technology", was implemented right on the dot. When the final phase is through by December 1991, VST can stake a claim to having one of the most modern cigarette factories in this part of the world.

The benefits of a superior sophisticated manufacturing process have begun to show. In its diamond jubilee year, this cigarette manufacturer, of Charminar and Charms fame, has turned in a sparkling performance. Turnover touched a high of Rs.430 crore, profit before tax zoomed by 60 per cent and the share price scaled an all-time peak of Rs.170. In recent years VST's scrip has changed from a steady to a star performer in the stockmarket. The company's shareholders have other reasons to be pleased: a dividend of 45 per cent (inclusive of a 10 per cent jubilee dividend, it marks a rise from 30 per cent last year), a second 3:5 bonus issue within two years and an earnings per share of Rs.10.11 has crossed the face value. VST's board has assured investors of a minimum 28 per cent dividend in the next financial year.

Renewed confidence

Sheer bravado? Not quite. Rather it is a measure of the renewed confidence that is surging through VST today. The company's financial fundamentals are stronger than ever before and compare well with its competitors (*see table*). In an industry that is both highly taxed and intensely competitive, VST has managed to hold firm to its 18 per cent market share. Last year, following the MRTP Commission's diktat, the company offloaded its equity holding in Bhadrachalam Paperboards Ltd. Now VST is sitting pretty on a pile of cash — Rs.15 crore — which should come in handy given the company's future intent.

That too has now been clearly chalked out: to establish a brand in the premium cigarette segment in which it has not had a presence till now and to diversify into agri-related businesses. Both are in the mould of VST's mightier associate, ITC Ltd which has, over the last 15 years, been consciously attempting to reduce its dependence on the cigarette business by diversifying into the hospitality (hotels) and agro industries.

The commonality in views is only to be expected since both companies have the same overseas connection. BAT Industries, the UK-based multinational, has a 30 per cent shareholding in both. Last month VST's first premium brand, Kingston, a king size filter cigarette, was launched in Bombay. A collaboration for the Rs.30-crore agri-venture should be wrapped up this year. With all this the transformation of the "Charminar company", which began in the mid-eighties, will be complete.



Bhoothalingam: right on the dot

Until the eighties, VST had a narrower outlook and an image as a one-brand company making the cheap, though immensely popular Charminar non-filter cigarettes. Mohammed Vazir and Mohammed Sultan, the two distillery owners who founded the Vazir Sultan Tobacco Company after procuring a royal charter from the nizam which permitted them to brand their product after the famous monument that graces the nawabi city, could have little imagined the future course their company was to take. Bought over by BAT Industries in November 1930, the company continued to exist as an appendage of ITC. With VST's management, production and distribution controlled by ITC it was only natural for decisions to be deferred to Calcutta.

The general perception of the ITC-VST



The primary manufacturing department: overhauled while operational

combine as a monopolistic octopus forced VST to strike out on an independent course. With the launch of Charms, the celebrated, medium-priced Virginia tobacco filter cigarette in 1983, VST acquired a national profile. (The hugely successful marketing and advertising strategy for the "denim"-packed Charms is now considered a case study for the marketing texts.) Charms became the largest selling filter cigarette with volume sales of more than 300 million sticks per month. Today Charms filter's sales are pegged at 100 million and the mini version sells 340 million monthly. At that time the cigarette industry was beset by problems arising from the value based excise structure system introduced in 1982. According to this, excise was computed on the ex-factory price and this formula set off a host of litigations on the issue of post-manufacturing expenses.

Profit vs quality

With enormous pressures on their bottom line, profit rather than market share became the primary focus of cigarette companies. According to finance director and secretary S. Thirumalai, under the old system manufacturers had no choice but to debase the product to survive and "there was a competitive depreciation of the product." Indeed, product upgradation was impossible without the final price cascading to an uncompetitive level.

But the process of investing in quality and what Thirumalai calls "educating the environment" had already begun at VST. It joined ranks with its counterparts in the industry to make a case before the government for changing the excise duty structure from the value based to the present length based system which was eventually announced in the 1987-88 budget. Even though there was no immediate prospect of "the excise lid opening" VST's management began to think in terms of investing in modernisation. "We saw this as a survival investment," recalls Thirumalai. The company began to gear itself for the next phase of change.

Change was set into motion three years ago and began at the top with the induction of Bhoothalingam (from ITC) as managing director. Until then, the company had been managed and run by the chairman and a board of executive directors. When Bhoothalingam was brought in, four of the executive directors were slated to retire. The time seemed opportune to take the first step towards transition — separating the board from the responsibilities of day-to-day management.

A corporate executive committee of full-time professional managers, senior and middle level, representing each functional area (finance, marketing, technical, personnel) was constituted. "Today our board's role is to provide a strategic overview of the business," points out Bhoothalingam. In fact chairman Abhijit Basu (who is also ex-ITC), continues to be based in Calcutta.

Consolidation and diversification

The new team set about drawing up the blueprint for the second round of perestroika. The objectives were spelled out: to consolidate and strengthen the company's main line of business and to begin preparing the groundwork for diversification.



Ramnath: creating a top trademark

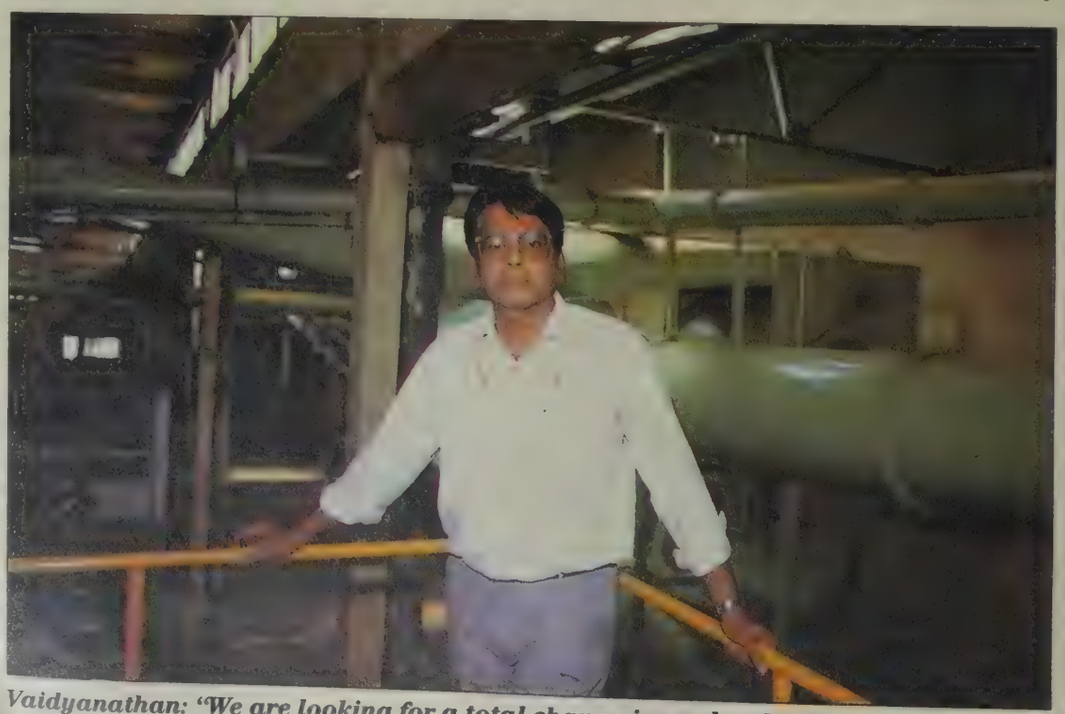
The first call as they saw it was to modernise the plant so as to "develop the capability of producing quality that matched international standards". The Rs.20-crore time-bound modernisation plan (called "Project Phoenix" in-house) got underway at the company's sole manufacturing facility at Azamabad.

The overhauling began in the primary manufacturing department which is the heart of any cigarette factory. This is where the tobacco leaf (called lamina) and stems are treated and blended, a process that imparts that unique flavour to the final smoke. Since this was their sole manufacturing unit the new installations had perforce to be done whilst the factory was operational/running. C.S. Vaidyanathan, general manager (technical), says the overhaul was completed as scheduled by March 1989 without losing a single man-day.

Modern operations

The key machinery was sourced from Germany and the UK and the balance was of indigenous make. Though up to 50 tonnes of tobacco is processed daily, to a visitor the department seems strangely devoid of the hustle and bustle of people that is associated with such large volumes. Reason: it is now a fully computerised operation with the programmable logic control system doing the on-line monitoring.

The next phase, to be completed by



Vaidyanathan: "We are looking for a total change in work culture"

December this year, is the downstream modernisation of the finishing department where the cigarettes are filled and rolled. It involves upgrading the existing machines as well as installing two high speed Loga machines (Rs.4 crore each) being imported from France against an export guarantee. Against a speed of 1.5 million cigarettes per day of the existing machines, the Loga's is 5 million cigarettes per day (6,500 per minute).

The technology leap has already translated into tangible benefits. Enhancement of quality has meant that VST could increase its price, without losing out on volume sales — 33 per cent in recent years. There have also been cost savings on the energy front by over 50 per cent and a marked reduction in wastes. By cutting costs and enhancing value at the same time, VST's bottom-line has become stronger. And operating margins have improved from 2.7 per cent in 1989 to 5.5 per cent by March 1991.

Having addressed the manufacturing technology issue, the operational focus has now shifted to "quality through people." Rajesh Vidyasagar, general manager (personnel), says they realised that transformation could take place only with the voluntary support of the workers. Adds Vaidyanathan, "It wasn't just a matter of bringing in new machinery. We were looking for a total change in work culture." The company could build on its impeccable industrial relations record — no strike in 28 years. "We decided," explains Vidyasagar, "to make the workers joint owners of the process of change." A model of the modernised plant was constructed and a series of communication meetings were held.

On the downside there arose the issue of surplus manpower. In the primary manufacturing department, 200 people were rendered redundant and had to be shifted to other departments. The decision to close down the printing division meant transferring 120 workers. A voluntary retirement scheme in 1987 and 1989 has trimmed the workforce from 2,500 to 2,062 presently.

Changing trends

Prior to Charms, 90 per cent of VST's total volume sales was accounted for by Charminar which continues to account for over half the total volume sales of sticks. Charms itself has undergone a change. With the introduction of the length-based structure, the company moved nimbly to introduce the mini version of its bestselling Charms brand. Charms Mini Kings' stronghold is Eastern India, where it is the number one brand in its category in Bengal and a strong favourite in Bihar too.

But there has undeniably been an erosion of the brand franchise. Dipak Basu, general manager (marketing), Godfrey Phillips India, comments, "The vulnerability of the Charms trademark lies in its image. Being targeted at youth, smokers eventually outgrow it as they change their peer group. There has been no upward line extension from VST in the past five years."



The finishing department: getting the product mix just right

That is precisely the gap the company is now attempting to fill. "Our strategic objective is to create a third trademark — right at the top of the ladder," says K. Ramnath, who was general manager, marketing and sales, before returning to the ITC fold last month. The target: 5 per cent market share of the Rs.400-crore premium segment. Last month saw VST putting all its marketing might behind the launch of Kingston, a double filter cigarette in Bombay which is the largest market for kingsize filters.

A considerable amount of preparatory work has gone into conceiving this upmarket brand. As Bhoothalingam says, "We've always been looked upon as a manufacturer of low priced cigarettes." This however, is not their first attempt. Silver Kings, a kingsized filter cigarette which was launched in 1986 never quite took off. This proved to be a learning experience. "We decided that we'd make our next move only after we got our technology right." Technologically, VST is now well equipped to meet the demanding quality standards of the high value, low volume segment.

Prestige brand

Though the premium segment accounts for only 6 per cent of total volume sales, it carries prestige — and profits too. However, the 'strike' rate according to Ramnath is low — only one out of every 25 brands scores a hit. Besides, the competition is formidable. ITC has a significant presence with Gold Flake and Classic. GPI's Rothmans is now a brand to be reckoned with. More recent introductions are GPI's Jaisalmer which was launched in Delhi and GTC's low tar Legend cigarette. For starters, Kingston's advertising and promotional budget is Rs.50 lakh for the first two months. "New brands eat up a lot of money," admits Ramnath, "but we're prepared to take a long-term view." Kingston's success will mean a radical image shift for VST.

Every care has been taken to get the mix just right this time round. The dual filter for a smooth smoke; the hinged flip-top lid and hot foil metal stamping on the grey and white pack to convey the classy 'Cartier' image; the lifestyle ad campaign showing a couple sunning themselves on a beach in the Seychelles. Though competitively priced at Rs.20 for a 20s pack, to notch up a high trial rate the company has introduced a pack of 10s too.

Morale within the company is high. Senior managers say that Bhoothalingam

Inter-company comparison *(Rs. in crore)*

	VST		ITC		GTC		GODFREY PHILLIPS	
	31/3/91†	31/3/90	31/3/91	31/3/90	31/3/91	31/3/90	31/3/91	31/3/90
Sales	429.85	374.58	2316.38	1807.56	205.20	223.23	531.96	466.06
Excise Duties, Sales (%)	67	74	N.A.	64	N.A.	11	N.A.	74
Debt Equity	0.54:1	0.95:1		1.39:1		2.5:1		2.10:1
GPM (%)	8.1 (4.9)	3.7	5.7	5.5	4.3	3.6	4.4	2.1
E.P.S.	24.24 (10.11)	6.15*	11.81	7.93**	14.16	10.80	45.65	15.27
Market price (17/6/91)	158.75		165		108.75		300	
P/E.	6.5		14		7.7		6.6	

NOTES: N.A. - Not available; GPM - Gross profit Margin. P/E - Price/Earnings ratio
All figs for March '91 are unaudited except those for VST.
† Figs for March '91, exclusive of capital gains realised from the sale of VST's shareholding in Bhadrachalam Paper, are shown in brackets and are more realistic for comparison purposes.
* Increase in equity from Rs.6.03 crore to Rs.9.65 crore due to a 3.5 bonus.
** Increase in equity from Rs.33.17 crore to Rs.66.34 crore due to a 1:1 bonus and thereby a lower E.P.S.

has succeeded in revving up team spirit. The new team constituted by him has a fairly young profile — members of the executive committee are in their thirties and forties. Interaction within the executive ranks has an air of easy informality. It's an open door culture and managers point out that, "it's strictly first-name basis here." Old timers at VST say this is a marked change from the earlier days and attribute it to Bhoothalingam's management style/code of conduct. B.P. Singh, an ex-director who retired last year, acknowledges that "He is an excellent human relations person. He has done a remarkable job of implementation." R.A. Poddar, chief executive, GPI, too is all admiration for his competitor. "The decision to invest even when profitability was not too good helped VST to improve their quality considerably."

The ITC connection

A point to note is that despite VST's independence from ITC, the managerial team consists of ex-ITC executives. The tradition of cross movement between the two companies continues. The perception persists that VST and ITC operate on the basis of a 'group' concept. However, K.L. Chugh, vice-chairman ITC Ltd (and erstwhile chairman of VST) refutes this. According to him VST is a totally independent entity with an independent board. As for VST entering ITC's premium turf, Chugh says, "We welcome competition. But we will make sure that we protect our market share."

The next challenge that VST has set for itself is diversification. Though ITC took this route long ago, Bhoothalingam feels that for VST consolidating the base business was a first priority. However, company observers point out that earlier attempts by VST to diversify have been discouraged by big brother ITC. The view in Calcutta was that VST should stick to cigarettes. In the early eighties, VST bought over Vishwarama Hotels Ltd but subsequently transferred its shareholding to ITC. Later, in its bid to take over Solid State Devices Ltd, an electronics company, VST lost out to the Thapar group.

But Bhoothalingam feels it is a matter of timing. "Today we have the financial muscle to undertake a new project," he explains. Perhaps another factor that counts is that ITC itself has taken the strategic decision to reduce its dependence on cigarettes. With the Indian cigarette market shrinking, other cigarette companies have announced their diversification plans into areas as unrelated as real estate (GTC) and retailing tea (Godfrey Phillips).

Agri-business entry

The decision to enter the agri-business field makes sense because the company already has strong links with farmers in its home state. The company formalised its links with tobacco growers in Andhra in 1962 when it decided to support tobacco cultivation in south Andhra. Since then there has been an effort to extend the acreage under cultivation and develop new varieties particularly for the export market. The company's role has always been that of support and development — it does not own any area under cultivation. Leaf manager, T.S.V. Raghavan, points out that the leaf operations cover 30,000 farmers in 2,000 villages with 45,000 hectares under cultivation. The Rs.30-crore project will be finalised this year with an overseas collaborator with whom discussions have reached a fairly advanced stage. The focus will be on value-added products for the export market (such as spices, fruits and vegetables) and those of international quality for the domestic market.

The company has been quietly pushing up its exports of tobacco as well as cigarettes. Last year tobacco exports touched Rs.4.15 crore. Charms has already developed a market base in the Middle East though last year that got a setback. The company also shipped a sizeable quantity of agri-products worth Rs.4.37 crore last year to Europe and the Far East.

In all these efforts the BAT link will no doubt help. David Bishop, BAT's representative on VST's board, affirms: "We are supportive of the agri-business because it is suitable for the environment in which VST operates. We also see an opportunity for synergy between ITC and VST in this area." Rumours that BAT is seeking to disinvest its 34 per cent stake in VST are dismissed by Bishop as just that — rumours. "In India BAT is committed to both VST and ITC," he says. Modernisation notwithstanding, Bishop says that in terms of productivity ratios and quality VST still is far behind African countries like Zambia, Kenya and Uganda. It is perhaps no coincidence that BAT has, unlike in India, a majority shareholding in all these subsidiaries.

Bhoothalingam concludes that while the traditional brands will continue to contribute volumes, the image and capability for exports will come from the premium brands. And if the team at VST continues to seize the moment, time and chance should reveal that secret too. ■

NAAZNEEN KARMALI

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Lufthansa Cargo

MAHENDRA MEHTA GROUP

Plum acquisition

This relatively unknown group outbid the likes of the Hindujas to acquire Assam Co, which ranks among the top five tea companies in the country

Heard of any one paying over a hundred crore rupees for assets he hasn't even seen? Sounds incredible, but the Mehta group, which controls the two Gujarat-based companies, Saurashtra Cement and Cement Corporation of Gujarat, has just gone and done this. Mahendra Mehta's Bermuda-based Mehta International Group (MIG) has paid £30.4 million (Rs.112 crore) to Inchcape Plc of UK for the controlling interest in Assam Company (India) Ltd in Assam. Mehta, the group's chairman, admits that he has not been to the eastern part of the country in the last three years but will soon visit Assam to acquaint himself with the tea gardens and the people in the company he has just bought.

But Mehta didn't buy blind. He put his money on the table only after making reasonably sure that the company was worth the price. "I studied the company with the help of experts, and found that you can't go wrong with the Assam Company." He is probably right. Assam Company is one of the leading tea companies in the country with an excellent track record. In 1989-90 the company made a profit before tax (PBT) of Rs.23 crore on a turnover of Rs.66 crore, (according to the unaudited figures, in 1990-91 the turnover was Rs.77 crore and the profit before tax Rs.24.22 crore). The company's networth at the end of March 1990 was Rs.38 crore (of which Rs.24 crore was free reserves) while its borrowings were only Rs.11 lakh. "It is one of the top five tea companies in the country ranked according to profits," says the finance director of a Calcutta-based tea company.

Best in the country

Assam Company has 7293 hectares of land spread over 16 tea gardens in Assam and produces around 16 million kg of tea annually. With an average yield of 2,225 kg per hectare last year, its gardens were amongst the best in the country. "Six of the company's gardens located around the Dibrugarh area are best suited for tea growing in terms of rainfall and soil fertility. The teas produced there fetch a very good price in the market," observes the owner of another large tea company in Calcutta.

Not surprising, therefore, that there were at least half a dozen Indian and non-resident Indian (NRI) companies in the race for Assam Co when Inchcape Plc of UK, which held 74 per cent of the Indian company's equity, decided to sell its stake. Inchcape, through its subsidiary, Assam Investments Ltd, held 10.3 million equity shares of Assam Co, out of the total of 14 million equity shares of Rs.10 each. Among the bidders, the prominent names were the Hindujas of UK, the Sarafs of Hongkong, S. Krishna Pathak from Dubai, the Mehtas, the Singhanias of the J.K. Group the Jajodias of Delhi, the Ruias of UK and Rajan Pillai of Singapore.

The floor price was fixed by Inchcape at £24 million. The Hindujas, according to sources in London, were willing to go up to £27 million (about Rs.100 crore) but the Mehtas outbid them, offering £30.4 million (about Rs.114 crore). In a package deal, the Mehtas bought over three subsidiaries of Inchcape — Assam Investment (which owns 74 per cent of Assam Co), Duncan Macneill (Inchcape's UK selling agent) and Hankow Batchelor Tea (a blender and packager of tea). The combined net assets of these three companies are estimated to be Rs.50 crore, of which Assam Co accounts for nearly 60 per cent.

If Assam Co has so much going for it, why did Inchcape decide to sell? Only about two years ago, the company's chairman and chief executive, Sir George Turnbull, said in Calcutta, "Inchcape does not believe in selling the family jewels." One possible reason could be the political uncertainty and the militant activities of the ULFA in Assam, which has badly shaken industrialists' confidence in the state. But Inchcape sources maintain that disinvestment is part of the group's overall strategy to get out of the plantations business and focus more strongly on motor dealership, marketing, distribution and services. In fact, after the deal, Inchcape will be left with just one tiny tea garden in Ecuador. Of course, the price offered by the Mehtas was very attractive and Inchcape, being a public company, its directors are bound to strive hard to maximise the returns to shareholders.

Considerable interest generated

The deal has also raised considerable interest in India. More so because the little known Mehtas have outbid the Hindujas, the 11th richest business group in the UK. The Mehta group, headed by its 50-year old chairman, Mahendra Mehta — a soft-spoken person with a pleasant personality — is a truly international group. Both Mehta and his son Jay (who was married to Ashok Birla's daughter Sujata, who died in the 1990 Bangalore plane



Tea garden in Assam: the market continues to boom

crash) are NRI and British citizens. The group has business interests in East Africa, Canada and the US, apart from India. Says Mehta, "My group companies control assets worth Rs.2,000 crore, 75 per cent of which are overseas and 25 per cent in India." Mehta, however, declines to disclose the group's total sales figures.

The Mehta group was founded by Mahendra's father, the late Nanji Kalidas Mehta, in the early years of this century. At the age of 12 he went to Uganda to set up a trading outpost and diversified into plantations — sugarcane, tea, cotton and sisal. Mahendra Mehta, Namji's youngest son, joined the family business in 1951 at the age of 19.

Fresh beginning

The group suffered a major setback when the former Ugandan president, Idi Amin expelled all foreigners from his country in the early seventies. "We had to leave behind 32,000 acres of plantations and sugar and tea factories," recalls Mehta. The expulsion forced the Mehtas to begin afresh in other countries. They started off in Canada, where they now have two large packaging units. The US, Kenya and Cameroon are the other countries where the Mehtas set up new companies *(see table)*.

Interestingly, the Mehtas have now been invited back to Uganda by its present government and are hoping to soon regain control of the business they left behind.

The Mehta group's international interests

	Country	Activity
1.	Uganda	Sugar, tea, coffee, electrical wires and cables.
2.	Kenya	Alcohol, sugar, trading, consultancy
3.	Bermuda	Project development and investments
4.	Cameroon	Electrical cables and electrodes, trading
5.	Canada and USA	Plastic packaging
6.	UK	Agency business
7.	India	Cement and engineering consultancy

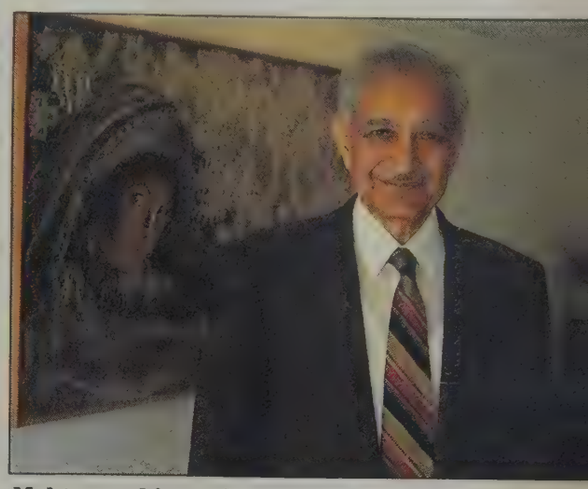
In India, the Mehtas own a 35-year-old cement company called Saurashtra Cement and Chemical Industries with a capacity of 863,000 tonnes per annum. In 1990-91 this company's sales touched Rs.102 crore and the company made a net profit of Rs.6.38 crore. (However, it still has an accumulated loss of Rs.10 crore.) The other cement company — Cement Corporation of Gujarat Ltd (CCGL) — is also in Gujarat and was set up in the mid-eighties in the joint sector with the Gujarat government.

But CCGL faced major problems right from its inception. There was a delay in commissioning the one-million tonne plant, which raised the project cost to Rs.167 crore from Rs.110 crore. The plant could not operate at its rated capacity due to technical snags, and a glut in the cement market made things worse. On an equity capital of Rs.30 crore the company is estimated to have made a net loss of Rs.90 crore till the end of March 1991. The BIFR has now worked out a revival plan for the company and has asked other private sector companies to bid for the revival project. The Mehtas had earlier expressed their inability to bring in more money to revive the company.

This has led to the natural question: how did the Mehtas manage to raise the money (over Rs.110 crore) to buy Assam Co. Tea industry sources in Calcutta think a Delhi-based industrialist has actually financed the deal and has only used the Mehtas as frontmen. Mehta, however, dismisses these suggestions as "mere speculation". Mehta says the deal was leveraged (to the extent of 75 per cent, says one source in London) by a consortium of European banks. "Along with some of our African associates, we managed the deal on our own," he claims.

The fact remains that resident Indians or Indian registered companies, using NRIs as "associates", have been involved in several takeovers of companies overseas. Whether resident Indians were actually involved in the present deal will soon become clear depending on who joins the board after the takeover is complete. In the light of these realities, some FERA experts wonder whether there is any sense in allowing tea companies to have a 74 per cent foreign holding while denying even hi-tech companies this facility.

Whatever may be the source of the Mehta money, the huge price paid does not look like a prudent investment when the cost of the money is considered. Even at a lower interest rate of about 8 per cent abroad, the cost of Rs.110 crore works out to Rs.9 crore per annum. The net dividend income earned by the overseas holdings at a high rate of dividend of 55 per cent last year, was only around Rs.5 crore. So, even if the dividends are maintained at such high rates, the Mehtas will still have a shortfall of Rs.4 crore per annum. One possible solution to this would be to sell off the part of the overseas holdings and thus bring down borrowings. But Mehta totally rules out this possibility pointing out that his group acquired Assam Co not for short-term gain but as a long-term investment.



Mehta: making a long-term investment

Financial boost

Sources in the Calcutta tea industry feel that the acquisition of the financially strong Assam Co may also help boost group finances. On a net worth of Rs.38 crore, the company can easily borrow nearly Rs.75 crore (on a debt-equity ratio of 1:2), while its borrowings now are a meagre Rs.11 lakh. Since the sick CCGL needs an infusion of fresh capital this money can come in handy. Mehta, however, maintains that there will be no linkage between the two companies. "I will treat my companies separately," he says. But he does not rule out intercorporate lendings among the units, as permitted under the law.

Whatever he does, says Mehta, will be for the good of the company. This includes allowing the existing management team to continue. Some old tea factories will be modernised and in most gardens old tea bushes will be replaced with newer varieties for higher yield and better quality. "I am sure that with a proper scientific approach, the yield from these gardens can be raised substantially," says Mehta. Given his vast experience in the plantation industry, Mehta is confident of meeting his targets. And the booming tea market — where production continues to keep falling short of demand — will certainly keep the cash registers ringing.

■ DILIP MAITRA

RADIANT ELECTRONICS

A shining success

Amid the welter of telecom product companies, this Orissa-based outfit stands out in several ways. With satisfied customers and quick technology upgrades, Radiant is growing steadily

"When Radiant EPABX talks people listen." So reads the advertisement for Radiant Electronics Ltd. Today, people are not only listening, but noticing this small, growing company. Radiant's growth has led it to form another company, Unisoft (India) Ltd, for 100 per cent software exports in the software technology park at Bhubaneshwar. Says Sangram Mishra, the managing director of Mechem Pvt Ltd, the original company of the group, "Our success has been due to adherence to quality. Moreover, we have been in tune with what is current."

Growth in the EPABX field in the country can be gauged from the fact that 41 licenses were issued in the country (out of which 23 went into production). Seven of these were issued in eastern India, including one each in West Bengal, Assam and Bihar and two in Orissa — Vijay Mallya's Unitel and Radiant. Webelcom (West Bengal), Beltron (Bihar) and Amtron (Assam) could not come up despite substantial investments. Says J.B. Pany, the managing director of Radiant Electronics Ltd, "Those units' project implementation was bad."

Market niche

Radiant adopted C-DoT technology for EPABX manufacture and rural automatic exchanges (RAXs). While Unitel Communications of the UB group is now in the red, Radiant is the only company in this region manufacturing EPABX and RAX systems. The licensed capacity of Radiant for EPABXs is 50,000 lines, and the company has achieved around 60 per cent capacity utilisation.

This joint sector project with Orissa State Electronics Development Corporation, which has a 51 per cent stake, has made its impact. Radiant's client list includes State Bank of India, Industrial Development Corporation, Indian Detonators Limited, Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL) and Orissa State Financial Corporation (OSFC). Besides, Radiant has supplied RAXs to telecom users in Punjab, UP, Kerala, AP, Assam and West Bengal. This year Radiant expects to sell over 200 RAX systems. At present, the company is executing an order for 13 EPABX networks with specialised software for the Rourkela steel plant. Says Pany, "We had teething troubles. It took us two to three years to assimilate the technology, but we have a committed band of trained engineers."

The Radiant story began when four young entrepreneurs — J.B. Pany, Sangram Mishra, B. Satpathy and J.K. Rath — started Mechem Pvt Ltd in 1982 with a project cost of Rs.2.5 crore. The group turnover in 1989-90 was only Rs.45 lakh but in 1990-91 it jumped to Rs.4.5 crore. "In 1992-93, with full production of the 512-port module RAX, the turnover is expected to touch Rs.10-12 crore," says Pany.



In tune with current telecom technology

Agents and tie-ups

The company is now appointing dealers all over India to sell its EPABX systems. Says Pany, "Our presence in eastern India is fairly strong. In the rest of the country we are negligible or non-existent. So we are going to appoint agents or have tie-ups with companies like UNITEL for sales and service."

Pany admits that the problem is tremendous competition. And there is overcapacity. Whereas the demand is for about 300,000 lines, the total production in the country is about thrice that. While this has caused several units to close down, with more headed to the same end, Radiant — say its promoters — will survive. Its initial and present overheads are very low. It brought project cost down to almost half that of a comparable C-DoT manufacturer.

Mechem Pvt Ltd is progressing slowly but steadily. It manufactures fibreglass boats, and plastic containers. It started off with a low equity base of Rs.98,000 and has now achieved a sales turnover of Rs.1 crore. According to Sangram Mishra, the company's managing director, its turnover is doubling every year. Unisoft will be operational by July and is projected to achieve in the first year itself a turnover of Rs.40 lakh. Explains Pany, "We intend to develop telecom software."

Radiant has a small R&D section for telecom software upgradation and new products. It has developed products like Direct-in-dialing (DID) facility, multiple access hotline facility within the EPABX and transit exchange. All this has become possible in an industrially backward state like Orissa because of the excellent support received from IPICOL, OSFC, ELCO and the local SBI, says Pany.

There is a high level of customer satisfaction with Radiant's EPABX and RAX. Hotel Swosti, one of the largest hotels in Bhubaneshwar, is perfectly happy with the performance of the EPABX and Radiant's after sales service. The chief general manager, Telecom, Orissa circle, P.S. Seran, comments on Radiant's RAX: "Radiant is one of the companies from which we source our RAXs. It is as good as others. There have been no maintenance problems — these RAXs are functioning well in non-AC conditions. This year we will be buying 140 more such systems from them."

With endorsements such as this, and the continued commitment of its promoters to keep updating its technology, the telecom industry in the country can expect to see a lot more of Radiant in future. ■

NAGESH RAO

HERO CYCLES

The pedal pushers

They tower over almost every aspect of the Indian cycle industry — the ubiquitous Hero roadsters are everywhere. Modern factory automation, growing exports and high productivity have led them to, and kept them at, the top. The Munjals' tight equity control, together with the group's efforts to indigenise and integrate, ensure its position in the industry

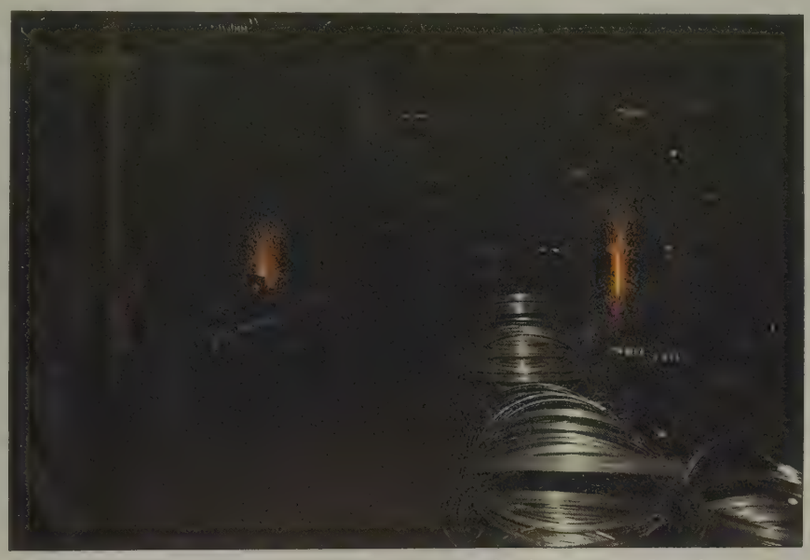
They have come a long way, the Munjal brothers of Hero Cycles — from small-time bicycle traders in Ludhiana in 1943 to a place in the Guinness Book of World Records as the largest manufacturers of the machines by 1987. From a manufacturing start of 25 cycles a day in 1956 to 12,000 a day now, with almost all components coming from related or supported ancillary units; from Rs.25 lakh in 1956 to a group turnover of Rs.550 crore today. Hero Cycles' sales topped Rs.224 crore last year, with profits after tax of Rs.5.05 crore, and is growing at something like 15 per cent a year.

In a world gone ga-ga over public issues the Munjals — brothers Brijmohan Lall, Om Prakash, Satyanand, and earlier the late Dayanand — have steadfastly hung on to every bit of Hero Cycles' equity. This has given them tight financial and management control over the companies in the group — these include Hero Cycles itself, Rockman Cycles, Highway Cycles, Majestic Auto, Hero Fibres and Gujarat Cycles and associate companies like Hero Cold Forgings, Munjal Showa and the high-flying Hero Honda.

Cautious growth

Though an equity issue would enable Hero Cycles to expand its size even further, it chooses not to do so. As Om Prakash Munjal, managing director of the company, explains, "We do not want to create capacity that will become difficult to handle or diversify within the company. That will make it untidy for good management. Also, we don't want to expose the company to outsiders as this is the main holding company of the whole group."

Clearly, there is a certain sentiment attached to the ownership of Hero Cycles. The company is the brainchild of Brijmohan Lall, who was well connected with the powers-that-be in Ludhiana even in the early days. Subsequently, in 1956, when the Pratap Singh Kairon government in Punjab distributed a dozen licences for cycle manufacture, the Munjals bagged one. Of the 12 units that came up then, only two have survived, the other being Avon Cycles Ltd, whose production is just about half that of Hero Cycles' 300,000 a year. Competition within the town of Ludhiana itself cooked the others' geese.



The Hero Cycles plant: constant upgradation to modernise

The reluctance to expand to an unmanageable size is simply because the Munjals have a reputation to protect; Om Prakash proudly states that not a single day of production has been lost since inception due to labour disputes. Probably the only major rupture in production schedules followed Operation Blue Star. For this, Om Prakash gives credit to the "hard-working people of Ludhiana district who believe in earning good money through good work and not through factory gate battles".

High productivity

The Ludhiana unit of Hero Cycles, the original and the main unit of the company, has a tremendous productivity level: its 2,500 workers turn out 9,500 cycles each day (the other 2,500 come from Hero's Shahibabad unit in UP). A neat working environment and attractive incentives for targets met have obviously created ideal conditions for both management and workers.

The Hero plant is neatly laid out over a vast area with adequate space for both men and machines. The assembly section is automated with conveyor belts. Om Prakash proudly claims that the plant is constantly upgraded, which has made it as modern as any other in the world.

According to Munjal, the exposure to Japanese management methods during the group's collaboration with Honda Motors Ltd of Japan for Hero Honda Ltd, has introduced a new work ethic in the company. In fact, at the Ludhiana plant, even after the final bell rings in the evening, those who have not met their targets for the day stay on to finish their tasks.

Important factor

In this plant too is the section where wheel rims are made. And this is where a very important factor of the Munjal way becomes evident; the section manufactures rims not only for the cycles but also for the mopeds and motorcycles made by sister companies Majestic Auto and Hero Honda.

In the same manner, the Munjals have, over the years, developed capabilities both in-house and in associate companies to manufacture all the requisite parts, spares and even machinery for their various products: cycles, mopeds or motorcycles. As a result, the Hero Cycles empire is akin to a vast self-sustaining entity, with each part feeding on the other. For instance, freewheels required by Hero Cycles are made by Highway Cycles, a sister company. For the bulk of its requirement of chains and hubs, it is dependent on Rockman Cycles, another group company.

Another step in this direction is being taken with the implementation of a letter of intent for a 500,000-tonne-a-year cold rolled steel strips plant at Hero Nagar in Ludhiana. To be set up at a cost of Rs.27.5 crore, this plant's output will be mainly consumed by the other Hero units. Be-

sides this, an application is pending with the government for a 300,000-tonne hot rolled steel strips plant proposed to be set up at Borai in Madhya Pradesh.

With such capabilities at hand, it is small wonder that Hero Cycles dominates the domestic market the way it does. As a result of extensive ancillarisation, the large economies of scale, and comprehensive infrastructure of Ludhiana, it has been able not only to keep a strict watch over quality but also the price. As a result, its lower end, conventional Roadster model is the cheapest in the country, selling at an average Rs.650 each against Rs.725-750 for those made by Atlas or TI Cycles. More than four out of every five cycles Hero produces every year are Roadsters. In the Indian cycles market (Rs.500 crore), 600,000 cycles are the common "roadster" variety, of which 85 per cent are Hero Roadsters.

Expensive cycles

The ubiquitous black and green Roadsters, however, are not all that there is in today's cycle market. With growing incomes in urban areas, people are turning to the more expensive and sporty cycles like the lighter, rugged-framed, tough-tyred all terrain bikes (ATBs) and the British Motor Cross (BMX) models. Hero Cyles took the lead by introducing ATBs in the country in June last year with its Ranger brand. Ranger took the market by storm and soon the market became a hotbed of competition. Atlas Cycles and TI Cycles quickly jumped into the fray with their Rebel and Street Cat models. Avon too came up with its Montage ATB, aimed at the lower end of the market.

According to R.P. Sharma, marketing manager of Atlas Cycles, sales of Hero's Ranger peaked at 40,000 cycles a month last year. But soon after the launch of Street Cat and Rebel, the Ranger's sales dropped to about 16,000 a month. And this despite the fact that it was the first in the market and is priced at Rs.975 each, while Rebel and Street Cat cost about Rs.1,200 each.

A leading competitor suggests this has happened because Hero Cycles has not been able to sustain the sales momentum generated by its headstart. He recalls that the same fate befell Hero's earlier Royal Hunter and Hero Hawk models. Hero, in fact, has had a rough ride in the light sporty bikes segment, in which the Hero Hawk was offered. A multi-speed racer, the Hawk had to give way to TI Cycles' Mach 1. The latter has now cornered half this market share. Similarly, in the sporty light roadster (SLR) segment — single speed light bikes — another model, the Hero Hansa, had to yield to Atlas and TI Cycles, who almost exclusively fill this segment.

Hero's exercycle

Undeterred by these setbacks, Hero moved recently into the stationary exercise bikes niche by launching the Allegro, the first of its kind in the country. Om Prakash Munjal is optimistic about its market performance though he accepts that volumes may not be very large. The company has also moved into the children's bike segment. This segment has tremendous market potential and has so far been largely dominated by Tobu cycles.



O.P. Munjal on an 'Allegro' exercycle: optimistic about market

As for the export market, besides finished cycles, Hero Cycles has been exporting parts like single- and multi-speed freewheels, hubs and chains, as well as sturdy low priced bicycles to Sri Lanka and African countries for many years. And now it has entered the more competitive markets of the US and Europe as well with fancier models. Its total foreign exchange earnings in 1989-90 topped Rs.24 crore.

To develop the exports of finished cyles further, and in a more focused manner, the company floated Gujarat Cycles Ltd a few years ago, in partnership with Gujarat Industrial Investment Corporation. With a plant in Baroda, this company manufactures multi-speed, non-conventional, new generation bikes aimed at the European and US markets. Technology has been largely indigenous since, as Om Prakash says, "participating at fairs abroad has given us adequate exposure to the new trends in design and it takes no extraordinary technology to build in specifications asked for by buyers abroad." Gujarat Cycles thus developed its own ATB and BMX models, aimed at the affluent western markets.

Then, in October last year, Hero bagged an order worth Rs.100 crore through Impex Zweirad GmbH of Germany for the supply of 300,000 cycles by end-1993. This followed Hero's participation at the IFMA Koln Fair at Cologne, Germany. As per the terms of agreement, a total of 24 new models destined for the German and other European markets are to be manufactured by Gujarat Cycles and marketed by Impex.

Unmet targets?

But now, well into 1991, a senior executive of a leading competitor alleges that of the announced target of 100,000 cycles for this year, Hero Cycles has managed to ship only 2,000 so far to Germany. He also claims that Hero is making losses on its exports. He attributes this to a lack of focus and faulty marketing. The Munjals, he claims, are using the same strategy to sell their upmarket cycles as they do for the lower end models, to the expected and undesirable effect.

And so it goes, the Hero Cycles story, mostly a huge success but with some failures. The Munjals are not, however, sitting on their laurels. Om Prakash is clear that every year the company has to raise its daily production target by 500 bikes. With 3,000-odd dealers who have grown with the company, a Rs.4-crore annual advertising budget, low prices and innovation in models, he is confident of leading the cycles industry in the country for as long as he can foresee. He says, "We do not see any reason why we should not stay at the peak of the Indian and the world cycles industry." With a history of hard work and success behind his family, one can't blame him for sounding so confident.

■

FEROZ AHMED

GARDEN REACH SHIPYARD

Finally, full ahead

The fortunes of this public-sector warship builder under the defence ministry are on the upswing, but overmanning continues to be a problem and a cut in government contracts would wreck it

The Calcutta-based Garden Reach Shipbuilders and Engineers (formerly Garden Reach Workshops) seems to have emerged from its bad days and is sailing ahead at full steam. The shipyard, which was taken over by the defence ministry in 1960, has become one of the primary warship builders in the country today with a "value of production" in 1990-91 set at Rs.182 crore with a profit of Rs.14.22 crore. "In 2000 AD we hope to cross the Rs.400-crore mark," said the chairman and managing director, Rear Admiral Dharam Vir Taneja.

For GRSE, this scenario is a far cry from the one only two years ago when it was still surviving on government help even for working capital requirements. Following heavy losses in the early eighties, in 1984 it was granted a three year moratorium by the government on repayment of loan instalment, which was further extended by another three years in 1987. Taneja, however, has since nursed the company back to health and last year decided not to ask the government for any more help. In fact in the two years, 1988-89 and 1989-90, the company repaid almost Rs.20 crore in principal and interest to concerned banks and institutions.

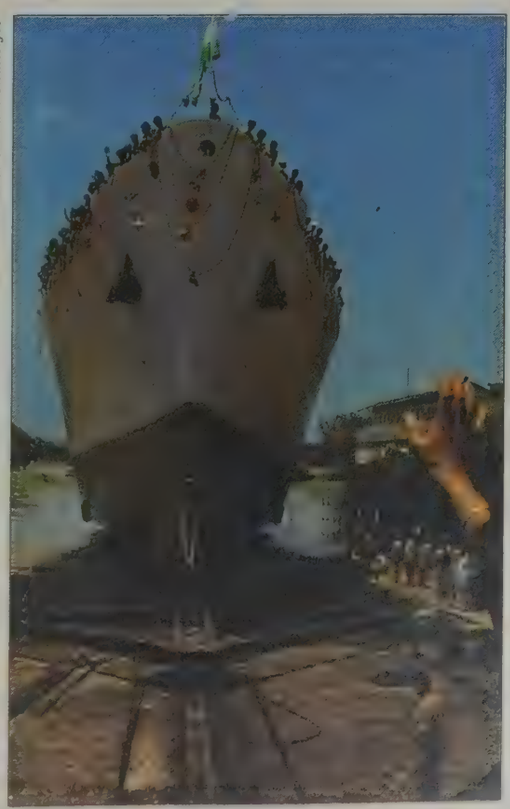
Will wipe losses out

The company, however, is not completely off the shoals yet with its accumulated loss of Rs.99 crore. "We have already reduced this to Rs.78 crore and we will be able to wipe it out in the next few years," Taneja said. The company is likely to set its course by a new landmark later this year when it joins the select club of public sector units which sign performance-linked "memorandums of understanding" with the Union government. As per the understanding, the company guarantees certain financial targets while the government commits certain funds for its growth and, perhaps more importantly, a promise not to hassle the management at every turn.

Ironically, the change in the company's fortunes has been partially because of the cutbacks in government expenditure and the defence budget. "Now we have to competitively bid for warship contracts, whether it is under the fixed price contract as in the repeat orders for certain projects, or under the cost-plus contracts for the evolving designs," Taneja said. "Some customers, like the Coast Guard and BSF, insist on the lowest bid for a standardised design. Our platemaking machinery and our general engineering capability is on a par with the other warship shipyards, but where we score is in the floor space available. This allows us to partially fabricate ships much faster before putting them together on the slipways."

As a general routine, the value added by the shipyard itself is less than 40 per cent of the commissioned cost. Almost everything is fabricated rather than manufactured on the premises. The secret of the shipyard's recent success lies in the co-ordination of the over 2,500 lines of activity required to put together the average ship using inventories that run into tens of thousands of parts. According to the company's latest financial statement, the net fixed and current assets were Rs.595 crore, with work-in-progress valued at Rs.329 crore, Rs.111 crore in raw material inventories, and a mere Rs.6 crore in capital work-in-progress.

Photos: Goutam Chatterjee



Launching a ship: faster fabrication

It has taken GRSE more than 30 years to get its act together and reach such an organised state. Just a decade ago, the mismanagement of the large number of production activities led to a complete mess in GRSE's commercial ventures. The shipyard had been contracted by the erstwhile Mogul Line to build three indigenously designed bulk carriers on commercial terms worth Rs.11 crore in the early eighties. But time and cost overruns left GRSE gasping for breath and the ships ultimately cost Rs.50 crore. By the time the deliveries were made, shipping had gone into a deep recession and Mogul Line almost refused to take delivery. GRSE has yet to make up this loss.

Pioneering efforts

Says Taneja, "Since our waterfront is the river, we cannot build the large ships required by the merchant navy. And, in any case, we are not interested in competing with the Koreans or Japanese in this field. In comparison, the naval corvette is smaller and has a lot more value addition."

Since its first foray into merchant ships GRSE has made many other pioneering efforts. It was the shipyard that built the first Indian warship in 1961. Also, the bridge building division of the company fabricated parts for the highest road bridge in the world at Khardung La (18,380 feet) in Ladakh in 1982. This earned GRSE a place in the Guinness Book of World Records.

GRSE's engineering division, of which bridge building is a part, has become quite strong over the years. Its current turnover is Rs.28.58 crore. It builds easily transportable modular Bailey bridges, machinery like winches, capstans, aluminium telescopic helicopter hangars for ships, marine sewage treatment plants and other shipboard equipment besides high speed pumps and allied machinery. Its project division has also been undertaking turnkey projects including fabrication of the 9-km-long iron ore conveyor belt at Vishakapatnam.

And yet, according to company sources, this division's plant in Baranagar (Calcutta) is to be closed down in keeping with the company's new emphasis on warship production. As a result, the turnover of

the engineering division is likely to fall to Rs.25 crore in the current fiscal year.

Having consciously decided to curtail the piecemeal operation of the engineering division and to streamline it, the new emphasis will be on the engines division at Ranchi in Bihar. The current turnover of this division is Rs.12 crore. It manufactures two lines of marine diesels. The first is with a tie-up with MTU of Germany to produce high speed marine diesels for naval application in patrol vessels. The other is through a tie-up with Berge of Norway for gensets and commercial marine diesels.

Forex restrictions

Taneja says that he hopes to book orders worth Rs.30 crore in the current year for the engines division. This, however, seems to be difficult at the moment because of foreign exchange restrictions. At any rate, Taneja hopes to double the turnover of the division to Rs.25 crore in the current year.

The shipyard's current order book of 15 ships is likely to keep it occupied till 1999. Some of the projects are mammoth. For example, the yard is building a fleet tanker for the Indian Navy. This ship will carry the dozens of specialised fuels and lubes used by the Indian Navy, in the air, on the sea and under it. It is a complex floating network of pipes and tanks. "It's a long project. Conceptualised in 1984, some of the boys who will sail her are still in school," says a company manager.

Part of the long gestation in such projects, as in the new Godavari class missile corvettes, is due to the large amount of reverse engineering and indigenous design commitment. "In the case of the new frigate project — the first Nilgiri was almost entirely imported — the design will be almost totally Indian," said Taneja.

With its slipways already crowded with the first prototypes of newer, nippier and more lethal warships, GRSE is hiving off its older designs to other shipyards. "We built the first ocean-going tug, the first landing ship tank. Now we have left those for other shipyards. We still produce the fast patrol vessels and boats, but that is only to fulfil standing orders," says Taneja.

The shipyard also has a modern fibreglass boat shed. Besides producing lifeboats for the ships it builds, it also builds very sleek high speed cruisers for the BSF and Customs. These are used for routine patrolling in riverine waters, besides being used for interception and anti-smuggling operations.

Taneja says that he has no intention of running for the submarine contracts. He explains, "That contract is nearly sending Mazagon Dock under. The tooling up and training is extensive and unless the orders are firm, it is difficult to amortise the time and expense involved."



Taneja: nursing GRSE to health

Overmanning, however, continues to be a problem for GRSE. The company has 10,080 employees — 1,014 technical and commercial officers and managers, 810 clerks, and the balance on the shop floor. Manning is likely to decrease to 8,000 over the next five years, but the current workforce is aging and losing out in efficiency as new recruitments have been stopped. There is very little fresh talent coming in except at the very top.



The all-weather wet basin: pioneering efforts

The shopfloor is depressing, with clanging machinery and long siestas. Even computerised state-of-the-art machinery, designed to run without an operator, is switched off as the lunch bell rings. The workers often bathe at the nearest fire hydrant, have a wholesome lunch, and fall into an afternoon swoon. There is obviously very little commitment to productivity or excitement on the shopfloor. This is only limited to perhaps a dozen or so of the top management, whose futures depend on it. For the others, including the middle management, their jobs appear to be merely pigeon holes to be filled till it is time to go home. The company does not seem to have any major industrial relations problems except for the by-now monotonous duel over the computer.

As a result of all this, quality is not a major issue. "We rework about 4 to 5 per cent. But that is because of mid-plan changes. The navy people are very stringent on quality and we rarely have a big problem about it," says Taneja.

Surprisingly, though the company buys about 60 per cent of its finished product from outside, there is no scheme for vendor-development. Taneja says, "The department of quality assurance and the directorate of inspection of the defence ministry looks into that."

Says Taneja, "We would probably be cheaper than Europe. But every country struggles to keep its own shipyards afloat. Besides the government has never even thought of exporting ships. There exist no provisions in the export policy. The sum of the individual items on a ship make for insurmountable paperwork. As a result the question of exporting our goods just does not arise."

Thus, even though GRSE is on the upswing, it can survive only as long as government contracts keep coming in. Without the navy and the defence budget, the company would surely sink without a trace.

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HINDITRON

To each, his own

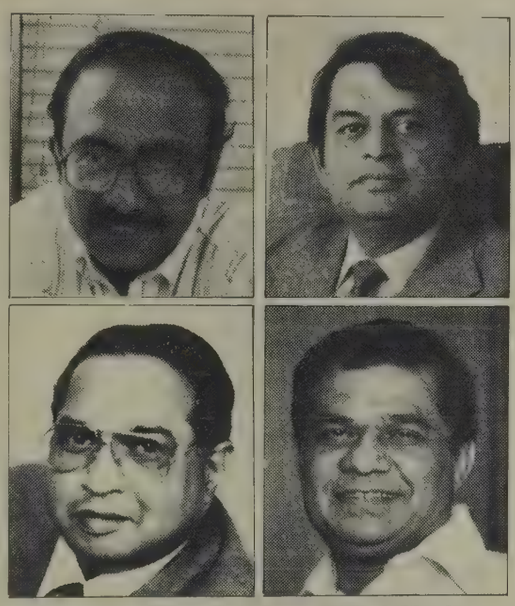
For Hinditron, the Bombay-based group of computer companies completing 25 years of operations, is only one reason why this year will be memorable. It will also be the year it lost two of its co-promoters, who have been with the group for 15 years. Harish Mehta and Arvind Shah have opted to branch out on their own. Clearly, they left over differences of opinion about the information technology (IT) business and strategy. Today, ownership of the companies in the group has returned to the original promoters, Hemant and Kamlesh Sonawala and Pravin Gandhi.

For this high profile group, having the spotlight turned on it at this juncture is uncomfortable. Three of the promoters hold or have held senior positions in trade associations: Hemant Sonawala was formerly the CSI president, Pravin Gandhi is presently vice-president of MAIT and Harish Mehta is the president of Nasscom. As such, the glare of industry attention is turned full on them. Though the final terms of the departure have not been worked out yet all the parties expect to work together in future.

The Hinditron group, better known for its joint venture with Digital Equipment Corporation (DEC) of the US, ended the financial year 1991 with a turnover of Rs.160 crore. Starting as distributors for electronic instruments from Textronix Inc and Digital's range of computers, it later set up two joint ventures: Digital Equipment India Ltd (DEIL) and Hinditron Textronix Ltd, to manufacture these products. In 1976, Harish Mehta and later Arvind Shah, joined the group. The group's IT business today encompasses four companies. Its lines of business range from software exports to PC vending and agencies for software.

In 1988, when DEIL was formed, the five promoters and their associate companies put up Rs.6 crore for a 30 per cent stake in the venture, placing the company on a financially tight leash. In September, when the operations of DEIL commenced, all activity and staff related to DEC were transferred to the new company. This included all software exports related to DEC, maintenance of its computers, and personnel. Says an industry observer, "When these transfers took place, a lucrative source of income had gone." Saddling Hinditron with 350 extra personnel, an extra infrastucture and a very thin product line, caused it to haemorrhage for a while. At this stage the company decided to redefine its business activities.

By early 1989, the company had decided to strategically focus on the personal computer segment. Up to this point PCs were sold merely as add-ons to mini-computers. Wthout a manufacturing base, Hinditron's entire requirment was sourced from Essen Computers. Packaged software products for the PC segment were also added. These included AutoCad from AutoDesk and Netware from Novell.



Sonawala, Gandhi, Mehta and Shah (clockwise from bottom left): splitting

However, with margins falling in this segment, the move failed to improve the company's liquidity position. The company had to resort increasingly to borrowed funds because the promoters were not willing to inject funds into the company. Consequently, the increased interest burden squeezed profit margins. In the next year, the company ran into a slowdown.

When it came to devising a strategy to correct the situation, differences cropped up over the approach to be adopted. Inability to come to a consensus let the situation drift. Harish Mehta, formerly the joint managing director, in a group company, says, "We were unable to take a decision fast. This was a result of too many partners and you had to carry everybody to create a consensus." In an industry which demands quick decisions, this told on the company. With high leveraging common in the industry and with its liquid resources invested in DEIL the group had to make alternative arrangments for funds. Yet again, a consensus proved elusive. The situation was similar on the question of the company remaining a long term player in the PC segment and also the question of manufacturing these.

Re-assessing strategy

With the IT industry in the throes of a structural change, perceptions varied on the type of business the group should not be in. Says Hemant Sonawala, the vice-chairman of the group, "We are an engineering company, not a commodity trading one. Lately, we drifted into the PC market, which is a commodity market." Pravin Gandhi, the chief operating officer of the IT business in the group, finds margins in the PC business dropping regularly. Since the company does not manufacture PCs it becomes difficult to manage the margins from the manufacturers they buy and the dealers to whom they sell. As a result the company is reassessing its strategy in this segment.

With perceptions varying dramatically, the decision to branch out was inevitable. Pravin Gandhi will be reorganising the group's IT business. He will focus on software projects, both for exports and the domestic market through River Valley Technologies Pvt Ltd, and a closer working relationship with DEIL. Consequently, Hinditron will be the sole outlet for Digital's Unix offering. Mehta will divest his stake in the group, except in DEIL, and will set up three new companies under the Onward Technologies banner. About 220 employees, of whom 120 are engineers, have opted to move over to the new companies. These employees will support about 1,200 existing customers. A number of software companies, like Novell Inc, have opted to move their agencies to the new group.

Arvind Shah, presently vice-president, exports, at DEIL, will most probably take with him Boston Management Technologies Pvt Ltd, a company in the education business set up when he joined the group. Shah, a former professor from Babson College, in Massachusetts in the US, will be launching into specialised training programmes. Mehta, Shah and Gandhi will now have the freedom to pursue their own dreams and visions.

■ AROON SARKER

LENDING RATES

Free for all

Liberalisation of interest rates is expected to be a major priority on the IMF's agenda for India. However, even before IMF could insist on enforcing them, some of the measures — freeing up of interest rates and abolition of concessional lendings — seem to have been pushed through unexpectedly by the tight money conditions last month.

With money becoming dearer, banks found it difficult to lend at the normal 17 and 18 per cent. Taking advantage of the absence of a ceiling, banks began charging a much higher interest rate to corporate borrowrs.

ANZ Grindlays was the first to take the initiative. Fixing the cut-off date as 30 April 1991 for clients' drawing limits, it decided to charge call money rate plus 3 per cent on all excessive drawals. The change affects all borrowers with cash credit limit of Rs.2 lakh and above from 20 May. Standard Chartered soon followed by pegging the rate to the call market, albeit to be announced fortnightly, rather than daily, unlike Grindlays.

Says David Gardiner, Standard Chartered's executive director for corporate banking, "With higher cost of funds, we had already booked significant losses. We had to take this step as we also have a responsibility towards our shareholders." Borrowing at rates as high as 35 and 40 per cent to lend at 17 naturally hurt banks, especially the foreign ones which have a small deposit base, and no access to RBI's cheaper refinance. They have to depend on the markets to fund their assets more often than their nationalised counterparts.

But nationalised banks find their branch network a major hinderance in introducing flexible rates. Says G. S. Dahotre, Dena Bank's chairman, "The large network makes it difficult to communicate changes in rate to all the branches/borrowers on a daily or a fortnightly basis." Bank of Baroda has pegged it to RBI's discretionary refinance rate of 25 per cent. Dena Bank is charging a flat 30 per cent.

Surprisingly, the RBI has not reacted in any way. Banking circles say this is because Grindlays' move had 'tacit approval' from the authority. The catch, however, is in the RBI's own directive issued in 1985 which fixed the floor on lending rates but removed the ceiling.

However, when the rates fall below the stipulated 17 per cent, banks take shelter under RBI's floor rate and express their inability to charge lower rates. "Ideally we would like the floor also to be freed, so that there is a link between lending and funding costs," says a foreign bank official.

Incidentally, banker-customer relations are the first to be affected by the new trend. Ironically, the American banks — notorious for transaction banking — are not jumping onto the bandwagon. This decision is also influenced by the composition of their business. Bank of America's decision, for example, also rests on the fact that only a small proportion of its business is through cash credit, while a major part comes through bills.

Gardiner says that "although some banks have not made any formal announcements of increase in rates, over the years, they have already been charging clients higher rates. Our client may be paying a higher rate now, but on the balance they are still in a better position." He therefore feels that relationships will not be affected. In any case, few borrowers have protested because higher rates are better than a freeze on lendings. They are, however, confused about the varying rates charged by banks.

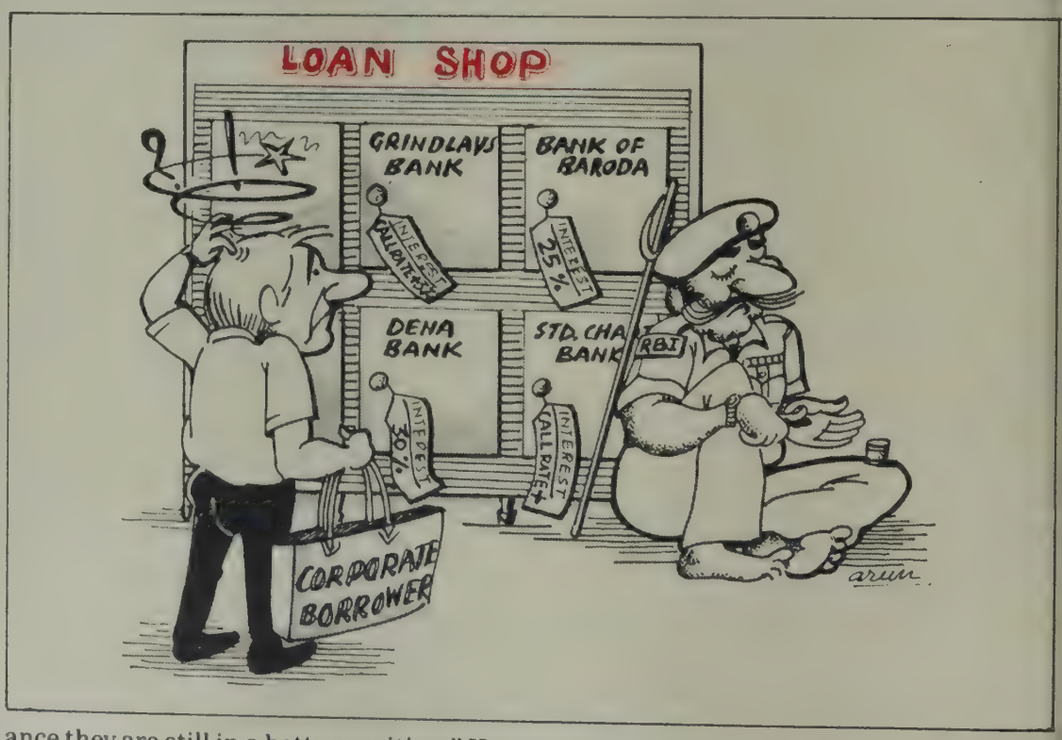
According to a corporate client, lack of clarity has certainly affected his cash flow management adversely. Bankers on the other hand accuse companies of not planning their fund requirements adequately, and feel that the present system wrongly puts the onus of fund management on them. Hopefully, the current uncertainty will help discipline borrowers.

Meanwhile, the move is affecting industry severely. Though many banks have exempted preferred clients from the higher rates, small borrowers have no respite. Says a small entrepreneur, "I have to pay Rs.4,000 to 5,000 extra per month towards the interest cost. It would be cheaper to borrow from the unorganised sector at 24 per cent." There is hardly any choice now. But he is certainly not going to give his present bank any new business!

As the scene remains confused, a few things emerge clearly. First, the current exorbitant rates are a temporary phenomenon; but even when the rates settle down a bit, the current level of 17 per cent will be a matter of the past. Bankers see the new level between 22 and 24 per cent. Second, an unfixed floor rate, just as there is an unfixed ceiling in lending rates, will be the future scene. Of course, the basis on which the floor or ceiling is decided will have to be seen. Third, concessions built into the present rates will automatically evaporate, leaving banks to lend only the minimum amount at the previous concessional rates and the excess borrowings at the market rates. Probably, this will bring in a simpler, more realistic interest rate structure. For the present, however, the industry is surely entering a stagflationary phase and the banking industry is sure to maintain the bottomline.

■

POONAM CHAWLA
with ALPANA KILLAWALA



ANK PROFITS

Will the good times last?

Once again, after the 1984-89 period when banks registered a growth of 41 per ent, bankers have "significantly higher" ank profits to boast about. Almost all he banks which have announced their orking results for March 1991 so far ave registered jumps of not less than 0 per cent in their profits over the ast year.

Canara Bank, for instance, which has he added advantage of links with its cash ow financial subsidiary, has reported a et profit of Rs.76.04 crore as against Rs. 1.27 crore last year — a 24 per cent ump. More significantly, though, even a maller bank like Dena Bank has shown a arked improvement in profits — these ave increased five-fold over the past ear.

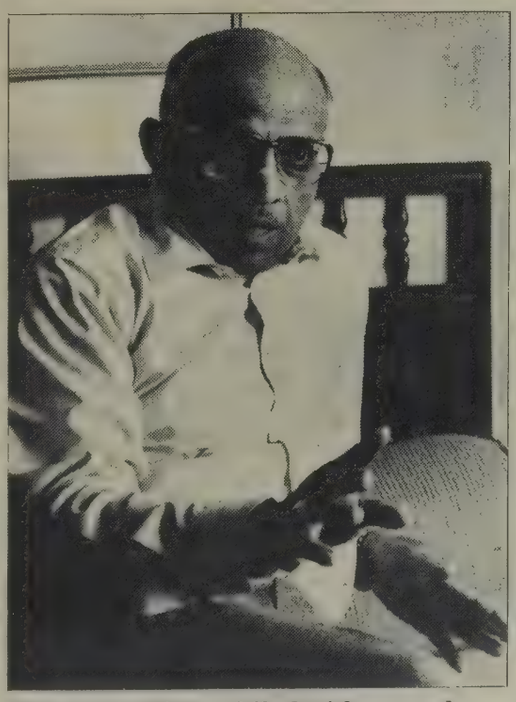
G.S. Dahotre, Dena Bank's chairman ttributes this "highest profit in Dena's istory" to "prudent fund management imed at keeping the funds cost at its low- st possible, coupled with profit growth s the focal point of the bank's business lanning". Better recovery management nd close monitoring of operating costs lso contributed to profit growth.

osts cut

ankers cite several reasons for im- roved performance. But the twin acts of ost cutting and better income earning tand out prominently. States the general anager of a medium size nationalised ank, "Banks have now come to realise at unless they manage funds properly, eir future is shaky." Dena Bank is a case point. By consciously reducing its de- endence on market borrowings, Dena as been able to significantly cut its cost f funds. Bank of Baroda too followed a milar strategy. By stressing more on less stly current and savings deposits (0.5 er cent), its cost of funds has reduced ubstantially. Unfortunately, since banks re shielded behind the secrecy law and annot reveal their profits, the full extent f the reduction of cost of funds in the oove cases will remain unknown to the eneral public.

Some policies have also contributed to is year's profits. Increase in service harges, which came into effect from Sep- mber 1990, and increase in lending tes by 1 per cent, (introduced last Octo- er), have helped boost the banks' income. Advances in the form of loans, overdrafts, etc, by Canara Bank have risen by 9.79 per cent whilst interest income has gone up by 12 per cent. A percentage point higher allowed on the Food Corporation of India too has had its share in the profits.

Interestingly, loan waivers, and specially the notorious farm loan waivers of the NF government, is another reason for higher profits. Dena Bank provided relief to the tune of Rs.50.36 crore whilst Indian Overseas Bank gave out Rs.102 crore to 383,000 beneficiaries. Although the government has yet to make the full reimbursement on this count, banks have benefited from it. Most banks have applied interest to the loans eligible for a waiver and then written off the whole amount, showing the amount as outstanding from the government. In many cases, interest for more than one year has been credited to the current year's income when it ordinarily would have been written off over the tenure of the loan.



Prabhu: banks saddled with second class accounts

Moreover, as N.D. Prabhu, chairman and managing director of Canara Bank explains, "Banks have not received the full reimbursement of loans waived but the part payment has improved liquidity." The most significant gain from loan waivers has been to the better managed banks. Banks which follow proper accounting norms for non-performing assets (loans which are considered bad and therefore not worth applying interest to) to the extent of loan reimbursement the non-performing asset account will be reduced and the balance sheet will present a better picture. While accounting for full interest in a single accounting year will artificially inflate the bottomline for a year, for the next year, the bank will have to find another manipulator.

Making a killing

Nevertheless, optimists hope that the positive trend will continue into the next year with banks making a killing in the current 'dear money season' in the financial markets. But Prabhu opines that the new government guidelines for presentation of balance sheets, with special reference to segregation of performing and non-performing assets and not charging interest on the latter, will affect bank performances.

Prabhu further cautions, "With the various instruments available in the market, borrowers now have a choice over bank funds. Because of this, banks are increasingly being saddled with second class accounts which carry proportionately higher risks for the banks." In other words, if banks are not alert enough, this year's high profits may well be just an isolated bright spot.

On the positive side, for the fist time (barring Canara Bank which set the trend last year) banks have announced their accounting policies. They may all read alike this year but next year, when banks will have to declare much more in their balance sheets, these policies will provide significant clues to the real picture. The innovation in bank accounting practice has imported a professional finesse to the performance. Also, banks now seem to be less averse to admitting bad debts which were considered to be a reflection of poor credit management all this while. Now banks are not only admitting bad accounts but are making efforts to identify their problems and find effective solutions.

For instance, A.C. Shah, chairman and managing director of Bank of Baroda, has identified better credit management and reduction in non-performing assets as one of the thrust areas for 1991-92. Hopefully, before the next year's results, banks will have aired their cupboards and pre sent a cleaner slate.

■ MANALI RESHAMWALA

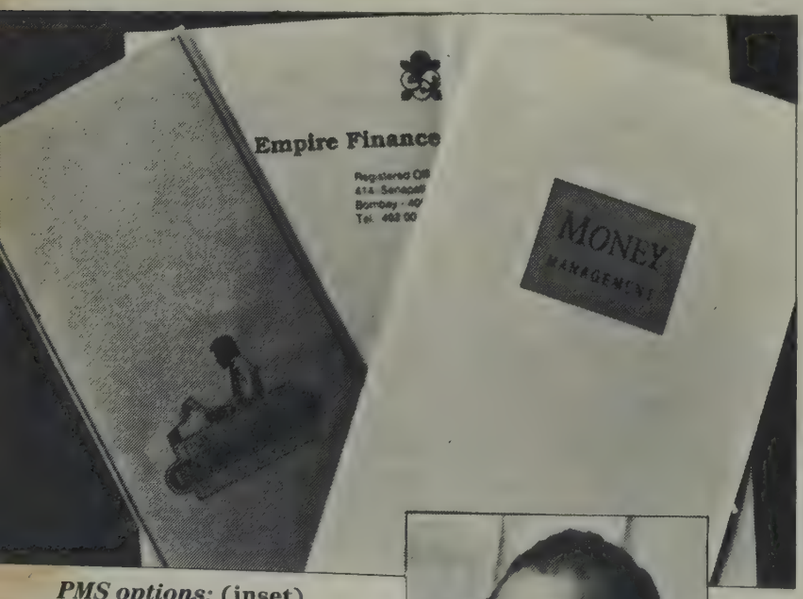
PORTFOLIO MANAGEMENT

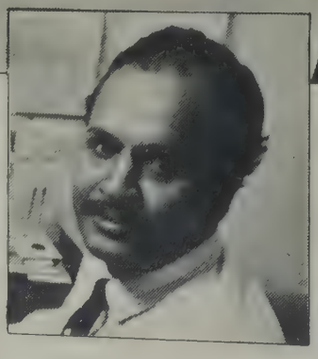
A new source of investment

Offering portfolio management services (PMS) to individuals is catching on. While a few of the finance companies have already formulated and are actively operating this service, there are about a dozen more gearing up to join the bandwagon.

The idea is not new. "In a sense," says Vivek Seth, assistant vice-president (treasury operations), Empire Finance, "they were earlier offered by leading stockbrokers. But these services were available only to those with high net worth. Today, even a person with Rs.50,000 can get the counselling services with better returns (if he is routing the investment through known companies), now that PMS has been institutionalised."

Empire Finance is among the first few established finance companies to enter PMS. The others in the field at present include Times Guaranty and Kotak Mahindra both of which have formalised PMS. The features of PMS offered by each company vary in terms of the minimum investment, the lock-in period, the risk return and the management fee.





***PMS options;* (inset)**
Shenoy: better returns

For any finance company, the whole exercise of fund raising from the capital market is a costly affair, given the legal channels and various regulatory bodies that have to be crossed before such an exercise can take place. It's here that PMS comes in handy for a finance company to mobilise off-balance sheet short-term borrowings. The funds pooled through the PMS route invariably meet the working capital requirements of finance companies.

The two types of PM services available to the investor are: one, the discretionary portfolio management service (DPMS) (the client parts with his money in favour of the manager, who, in return, handles all the paper work, makes all the decisions and gives a good return on the investment and charges fees) and two, the non-discretionary PMS (the manager functions as a counsellor, but the investor is free to accept or reject the manager's advice; the paper work is also undertaken by the manager for a service charge).

In the discretionary PMS, to maximise the yield, almost all portfolio managers park the funds in money market securities such as overnight market, 182-day treasury bills and 90 days' commercial bills (which can be quickly rediscounted with banks to release the finance company's funds). Normally the return on such investment varies from 14 to 18 per cent, depending on the call money rates prevailing at the time of the investment. The non-discretionary PMS manager concentrates on stockmarket instruments with a portfolio tailor-made to the risk taking ability of the investor.

Empire Finance's discretionary PMS accepts Rs.5,000 as the minimum investment for three months. "For large investments, special terms with regard to the minimum period and return can be negotiated," explains Seth. The funds collected are invested in liquid assets and the returns are distributed among the investors.

Times Guaranty — the most recent entrant — has two schemes both offered on discretionary basis. In the first one, the minimum investment is Rs.1 lakh for a period ranging from 3 to 12 months with an expected assured return varying between 14.5 to 16 per cent depending on the tenure of the investment.

The second service is designed for long-term investors in which a minimum investment of Rs.5 lakh is locked in for one year. Kotak Mahindra Finance Ltd (KMFL) also has a privately placed PMS under their Money Management Service the doors of which is not yet open to the general public.

Thus, for the finance companies, large chunks of money becomes available, and if they manage to earn more, they have the option to share profits with investors. According to B.S. Shenoy, director of Times Guaranty, "PMS is a way to get around the fixed deposit route and give a better return to investors." As per the RBI guidelines, fixed deposit cannot offer more than 14 per cent as interest. As opposed to this, PMS assures profit sharing and to that extent the reward could be higher.

But there are many pitfalls in this scheme. Since the companies running the PMS do not disclose to the investor the assets in which his money is invested, the investor never knows the net asset value of his portfolio. And it is easier for the finance companies to distribute only what they want to and not necessarily what the investment has really earned.

No regulatory body

The basis of portfolio management is a mere agreement signed by the investor and the portfolio manager. Currently there is no regulatory body watching over PMS. The Securities Exchange Board of India (SEBI) has only authorised registered merchant bankers to offer PMS, it has not defined the rules of the game. Hence it is quite easy for the fly-by-night operators to defraud the investors.

Finance companies are quite keen to formalise the services. Once investor protection is ensured, PMS will undoubtedly become a new source of investment with a better return for the small investor. It will also minimise the risks involved in getting into the market directly.

"A good PMS scheme has a lot of potential for the average investor. And for the portfolio manager, it is a step towards the privatisation of mutual funds," says Seth. Adds Shenoy, "We have launched PMS to get a clientele base. This could be used to expand merchant banking activities also, with an eye on private-sector entry into mutual funds."

■ LANCELOT JOSEPH

Drive for world-class quality



ARUN N. MAIRA

Does top management really believe that quality is important? Ask the employees. In surveys in some factories in the US, the employees said they were not convinced their top management really believed in quality. Even though these were factories with quality posters with the CEO's picture and statement that quality was the first priority; where employee newsletters had messages from the CEO explaining why he was committed to quality; and where all employees including the CEO had been to several classroom programmes on quality.

The housekeeping in these factories was appalling; cluttered gangways, material on the floor, rubbish in corners, dirty toilets. The chief executives visited the factories periodically. They saw the conditions but did not do anything to change them. Their words about quality, like their business clothes, were *a la mode* but there was not even a semblance of action.

Changing the culture

In another factory, another chief executive notices a rag and demonstrates what needs to be done. He stoops to remove the offending waste. "Sorry," says an embarrassed lieutenant, "this is just the culture here — very difficult to change." He tries to take the rag from his chief's hand. The chief holds on and wants to dispose of it. There is no trash bin nearby.

"What would you do," asks the chief, "if you were working here, had to dispose of a rag or piece of paper when your supervisor expects you to stay by your machine and you cannot find a bin? Creating a workshop that can be easily kept clean, like laying out a process that can consistently produce quality, is your job, not the uncultured workmen's," the chief says.

The next time he visits, trash bins are everywhere. Yet, paper is on the floor. So he picks it up and puts it into the nearest bin. The lieutenant smirks. "I told you so," his eyes remind the chief, "its these people's upbringing. They are used to throwing their trash out into the street at home." The chief has no words, only action. He picks up a worn hand-glove in another workshop and into a bin it goes. When they come across the next piece of trash, the lieutenants are scurrying, as are supervisors and even some workmen... "You have to show people what you expect them to do when, as you claim, they have not been brought up to do it," says the chief, "and it is not beneath my dignity to do so."

Cleanliness is the foundation for and the first step towards quality in a manufacturing organisation. It also boosts employee morale and inspires customer confidence. To achieve it requires no classroom training, and hardly any expenditure. Everyone can participate to improve housekeeping. The reason a factory continues to remain dirty is in the management philosophy — the "culture" if you will — of the chief executive.

Do they care?

After cleanliness, the next step is completeness. In Indian cities, pavements are broken up by the telephone company to repair cables and left that way. "My job is only to do this much, no more," is the attitude. Incomplete work is poor quality work. Hundreds of such instances can be found in factories and offices. Do senior managers even notice them?

Sumant Moolgaokar, as chief executive of Telco, was a leader of the quality movement in Indian industry. He made no speeches and did not need any banners in his factories to show the world that he was pursuing quality. Yet every employee knew that the top management was committed to quality.

Cleanliness is the foundation for and the first step towards quality... It also boosts employee morale and inspires customer confidence

Years ago, he stood before a newly installed transfer-line in Telco's Pune factory, produced by Telco's own machine tool division. Hundreds of miles of electrical wiring and hydraulic piping and thousands of precision components had been designed and put together to build a machine that was a marvel of craftsmanship and intricacy. It had cost Telco much less than it would have if imported from Japan or Germany and it was produced in record time. But he was visibly disappointed.

He took the general manager to his office and admonished him. The hydraulic pipes on the side of the machine were not all absolutely vertical! "You must notice these little things," he said, "for they all add up to world class quality."

The Telco training school was asked to produce a plumb-bob for every senior manager in the factory. (A plumb-bob is an elementary device: a metal weight on a string to check the vertical lines of buildings). It was simple and symbolic. The trainees who produced the plumb-bobs got the message as did the managers on whose tables they stood. The plumb-bobs carried an inscription: "Trifles make for perfection and perfection is no trifle."

he author is a senior onsultant with Arthur . Little Inc, ambridge, assachussetts in the S

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Catchword 'health'

Time was when the most potent marketing catchwords were 'new', 'improved' or 'free' Today's consumer is faced with a new set of phrases — 'fit and trim', 'cholesterol free', 'fibre rich' and 'low calories'.

The health and fitness fetish, till recently a fad among a privileged few, is now becoming more widespread. Note, for example, the surge in business that health clubs are witnessing. Bombay-based Talwalkars, the oldest in the health club business, "are experiencing a 15 per cent rise in annual membership though the fees keeps increasing", says Madhukar Talwalkar of the club. Rajan Prabhu, health club manager, SeaRock Hotel says, "We have to turn down nearly five new memberships per day."

It is this new health-conscious consumer that advertisers are gunning for. Ads which earlier portrayed maternal love have switched to the mother's concern for the family's health (including her own), resulting in drinks which provide vitamin C, biscuits with glucose, milk foods which boost stamina and even *ayurvedic* pastes which promise youth.

Prevention is better

Says advertising-marketing consultant Brinston Miranda, "Today a health related marketing angle catches the eye of anyone with even a little disposable income, the psychology being that it is better to spend on being healthy and fit than on recovery from illnesses. This applies even to products not directly related to health such as cheese, milk and oil."

Five years ago, when Marico labelled their cooking oil as being good for the heart, Saffola gained a major slice of the market share, selling 425 to 450 tonnes per month. Users of Postman oil began to wonder whether their choice was unhealthy. "So we launched a three-phase educative campaign to inform the consumers about what a healthy oil means and that Postman was as healthy as any other oil having the right balance of fats," says Urmila Zutshi, marketing manager, Ahmed Oil Mills. Where earlier the oil sold on the concept that it was being used for generations, the company had to change its stance to cater to health-conscious consumers. Labelled as a 'healthy cooking medium', it now faces competition from the various other, 'healthier' sunflower, safflower and low density oils.

If matters stopped at Hero Cycles launching an 'exercycle' (Allegro) and cornering the fitness equipment market even at a price like Rs.2,800 per cycle, or at gyms with long waiting lists, it would perhaps be understandable. But the introduction of calcium toothpaste and low nicotine, low tar cigarettes seems to indicate that other products too have caught on to the new USP (unique selling point) — health and fitness.

Show an educated mother another method of depositing calcium on her children's teeth and she will buy it. This is exactly why Prudent Calcium, the 'good for you' toothpaste, is doing well though it has been launched only in Bombay, Maharashtra and Goa. "Calcium toothpaste has existed for years all over the world. We have been able to pre-empt competition by taking out a research-based product for which the market is very receptive," says Kamal Kapadia, marketing manager, Parle Products Ltd.

Smokers have a 'healthy' option too, the low nicotine, low tar cigarette, one Legend, which sells one million sticks per month. Says Harsh Wardhan, vice-president, marketing, Golden Tobacco Co, "Internationally, there is a trend towards low tar and nicotine cigarettes. We saw a niche here and went for it. Our sales figures are encouraging and we will soon go national. People are definitely buying health."

Healthier alternatives

Kavita Mukhi, who runs her 'Health Shop' in Bombay, too finds the trend catching on as she is in the business of providing "healthier alternatives to everything you get in the market". Her stocklist ranges from soya and whole wheat noodles to herbal cosmetics. The shop, now a huge success making close to Rs.1,200 a day, would have died a conceptual death had it not been for Nari Gandhi, an 'environment architect', loaning her the premises. Today, if Mukhi closes shop even for a day she has to face irate customers demanding why. She is also selling land in the form of 'Health Communities Touched by Nature' in the Western ghats.

Beer is another example. In 1981, Associated Breweries launched a diet beer. "Initially diet beer constituted 10 per cent of our production but now at 25,000 to 30,000 dozen bottles per month, the beer is always in short supply even for the Bombay market. In Calcutta, it is sold like gold with bartenders reserving it for their regular customers. If we were allowed to advertise, promote and increase productivity, I think I could really use the health and calorie aspect and have a great market," says Zeenia Lawyer, partner, Associated Breweries.

Most marketeers say it is still an upmarket, urban concept but one with a lot of potential. Once it really filters down to the wide base at the bottom, the sales that can be generated with a few health-related words is mind boggling. But for now mass markets are still a long way off.

■ NEERU NANDA



Travelling salesmen

A fresh MBA joins a leading advertising agency as account executive — not a very senior position. Within six months, well before he has had time to learn the ropes, he is virtually managing the branch, most of the other executives having left in search of better prospects. Two years later, he's in a senior position in another agency — his third. And at a salary that would normally have made sure that he stays there for the rest of his career, if this was any other industry.

Not so in high tension, high profile advertising. Nothing prevents another agency from dangling yet another carrot in front of this management hotshot, putting him in a financial bracket higher than what he would get in most other professions. The perks too make all but the most hardened loyalist give in to temptation — and switch jobs.

Put up or opt out

Industry sources estimate an average personnel turnover of over 30 per cent annually in most Indian advertising agencies: almost twice that of agencies in the west, where the industry is more developed. Very high salaries and an unnaturally high growth rate in turn puts a tremendous amount of pressure on the adman leading to several dropping out either to switch professions or to start out on their own. Says Prem Mehta, deputy chief executive of Lintas India: "The kind of work pressure advertising people have to live with are the opportunity costs they have to pay for the growth the industry offers them."

But inflated salaries, job-hopping, high designations and the resultant burnout are all but a symptom of a larger problem — the problem of demand for advertising professionals being far more than the supply. The problem begins, according to Ajit Balakrishnan of Rediffusion, because the industry is young. It has not yet been able to define its exact needs. What exactly should a copywriter's background be? What qualifications should a client service person have? No wonder there are frequent changes in job functions — such as client service people switching to copywriting.

In the absence of training programmes, youngsters who opt for advertising have no clear view as to what their careers involve. The ones with potential get trained on the job and are promptly snatched by other agencies. Agencies are obliged also to look for people to fill senior positions constantly being thrown open by people leaving. Says Sumit Roy of Lintas, who handles human resource development: "Our trainees are trained for a year before they are deemed fit to fill the position for which they have been chosen." However, he admits that it is important to plan for a 10-15 per cent rotation "because often trainees get picked up by other agencies even before they have finished their training with us".

How do agencies guard against personnel turnover? Many agencies abroad offer employees shares, which they feel might be the only way to retain people. A good starting salary is one obvious way of retaining personnel, although there is always another agency willing to pay more. Says Mehta: "Lintas was perhaps the first to recognise the need for marketing professionals in advertising. And we began recruiting straight from management schools." Every year, Lintas employs an average of 30 freshers a year — management trainees starting with a salary of up to Rs.4,500 a month. Compare that to Rs.2,000 for a sales trainee in a medium to large marketing company.

The creative area, which includes art direction and copywriting, is another matter. Apart from high salaries and perks, copywriters and art directors have employers' blessings to freelance. Their total earnings can go up to Rs.50,000 a month. Says Anjan Chatterjee, chief executive of Situations Advertising: "It makes a lot more sense for smaller agencies to hire senior creative people either on a freelance basis or as consultants."

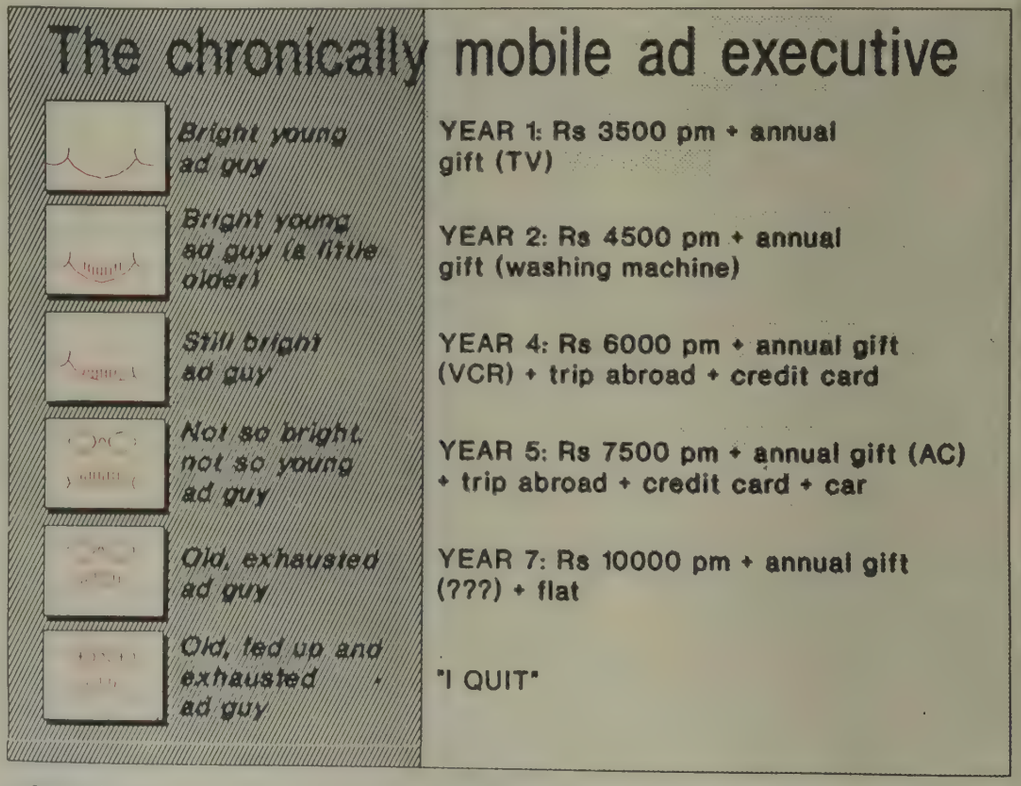
No comprehensive training

Chatterjee believes that it isn't just advertising professionals who are scarce, but "thinkers". "It's difficult to find people who look beyond their specific role into the overall synergistic communication. And this is possibly because there is no comprehensive training course that will supply such professionals."

One obvious solution is an institute. While many agencies do look upon themselves as universities and Mudra Advertising appears to be moving in the direction, there isn't yet any recognised institution. How can an institute make up for experience on the job, sceptics may ask? Much like management schools do, one might say, with students being sent to agencies on training stints.

Whether it is an institute funded jointly by agencies or an independent set-up, a training school will definitely help. Not only to enable students to understand advertising and plan their careers better, but also to help agencies in getting and retaining good people.

■ SONIA and DUSHYANT MEHTA





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Destination Iran

While most western countries are busy making tracks into Iraq and Kuwait to grab the reconstruction orders after the recent Gulf war, India and other Third World countries are quietly moving into Iran.

A pariah for nearly a decade, battered by eight years of war with Iraq, Iran still holds a lot of promise. Especially now since the country's pragmatic president, Hashemi Rafsanjani, has decided to reach out for help to rebuild its economy. Says a senior official of Rallis India , "Today, the Iranian market is ripe for the picking. One must only know how to grab a piece of the action." Rallis has recently taken on a contract worth nearly Rs.21 crore with the National Petrochemical Company (NPC) in Iran for setting up a pesticide intermediate plant.

Two other Indian companies will be associated with NPC. The Indian Petrochemical Corporation Ltd (IPCL) is setting up a subsidiary company, IPCL Videsh Ltd, to handle a Rs.9-crore contract for training NPC personnel. And Transpek Industries Ltd has bagged an export order worth Rs. 26 crore from the NPC. The Baroda-based company will set up a 1,500 tonnes per annum plant for manufacturing chloroacetyl chloride, a raw material for herbicides.

When in Iran ...

The Indian companies who have sent out feelers to Iran fall mainly in the engineering and service sectors. Delhi-based Engineers India Ltd (EIL), for instance, has just bagged an export order worth Rs.35 crore from Tabriz Petrochemical Company for providing project management and co-ordination services. The Indian company is planning to send about 100 experts from its various engineering divisions to Iran.

There are many more such business opportunities especially now that the Iranian government is opening up its economy. Nearly 400 companies are being privatised in Tehran alone. Also, a free trade zone has been planned on the island of Qeshm. This is expected to encourage foreign investment.

"One needs a great deal of grit and understanding of the Farsi language and Iranian people to do business there," says a senior official at the Hinduja group of companies. He should know. For it is precisely these qualities that have helped the Hinduja brothers — and their forefathers — successfully conduct business with Iran for over 70 years. The Hindujas represent Indian companies like Bharat Heavy Electricals Ltd (BHEL), Steel Authority of India Ltd (SAIL) and Ashok Leyland in Iran.

Iranians are known to be hard bargainers. "They always want the best at the cheapest price," says the senior Hinduja official quoted earlier. "It always has to be a Mercedes. A Toyota just won't do." That is perhaps why decision-making is so slow and cumbersome. According to one exporter, the Iranians don't believe in normal trade practices like opening letters of credit. "They expect to function in an atmosphere of complete trust. This makes dealings very difficult for businessmen used to formal procedures," he adds.

Honourable people

But on the other hand, the businessmen cannot afford to be fainthearted because the Iranians are also known to be very good pay masters. "They are honourable people and have always kept their commitments, even while they were involved in the war with Iraq," says P.R. Singhvi, chief regional manager, IPCL.

With growth slowing down in the domestic markets, the Indian automobile and allied industry is being forced to look overseas for exports. Mahindra & Mahindra (M&M) has just signed an order worth Rs.73 crore for the supply of 10,000 jeeps in completely knocked down (CKD) condition. According to R.K. Pitamber, managing director, M&M, "The export model has been specially developed by us to suit the rough terrains of Iran." The jeeps will be assembled at a former General Motors plant in Tehran.

Iran is Mecca for Ashok Leyland as well. The truck and bus giant has export orders worth nearly Rs.30 crore for the supply of diesel engines, leather and miscellaneous items, to be executed in 12 to 15 months. "We have hopped on to the Iranian privatisation bandwagon and hope to make the best of this opportunity," says R. Jagannath, Ashok Leyland's executive director.

Like Ashok Leyland, other Indian companies too can play a significant role in Iran's reconstruction drive. At present, the country needs help right from building houses to setting up sugar and cement plants. "With relatively cheap labour and an adequate infrastrcture for exports, the right symbiotic balance can be struck," says Kishore Shah, chairman, Federation of Indian Export Organisations.



Ashok Leyland's assembly line: helping Iran's reconstruction

Fortunately, the Iranians like doing business with us. "Indians are warm and friendly. Besides, you like *Ghalib*, we too like *Ghalib* — we have so much in common," says a senior diplomat at the Iranian consulate in Bombay. Moreover, the cultural similiarity between the two countries is only going to be an added bonus.

The Indian companies may well find a pot of gold at the end of their Iranian trek. ■

SHAMPA KAR

KWALITY

Going global

A household favourite in India for over 50 years, Kwality icecream is now all set to storm international markets on a bigger scale. After cooling palates in the Middle East, it is now attempting to set up joint ventures in Germany, the USSR, Nepal and Mauritius.

It all began with a chance meeting between N.K. Seth, vice-president of Kwality Frozen Foods Pvt Ltd, and Prince Fazal of Saudi Arabia. They met on a flight from Delhi to Bombay in the early seventies. Their conversation at the time triggered off Kwality's maiden foray into the Middle East.



A Kwality outlet and (inset) *Ghai: making major moves*

At the outset, Kwality conducted an exploratory visit across the entire Gulf, stretching from Muscat to Bahrain. The company realised that before it started, manufacturing any icecream there, it had to first establish a market presence in the region. Hence, the company started exporting icecreams to the UAE, Oman and Saudi Arabia in 1974. "Exporting 9 tonnes of icecream per flight was uneconomical but it was needed," says Ravi Ghai, Kwality's managing director.

Two years later, Kwality set up the Pure Icecream Company in Sharjah, for manufacturing and marketing Kwality icecream. While Ghai has a 14.2 per cent stake in the outfit, the remaining equity is held equally in three chunks — by Dubai-based NRI trader Kishan Bhatia and two companies, International Traders Middle East Ltd and Regal Traders, both also located in Dubai.

"Brand to reckon with"

Set up at a cost of 3 million dirhams, the unit can manufacture 800 litres of icecream in an hour. Competing against Australian, French and British companies, Pure Icecream was able to register profits of 1 million dirhams (after depreciation) till recently. "Kwality is quite a brand to reckon with in the Gulf," admits a senior official at Dharnendra Icecreams, makers of the popular Go Kool icecream.

Ghai attributes the overseas success of Kwality to the "desert climate and superior quality of our product". But that is not all. Indian icecreams have an edge over international brands as they are essentially made from dairy fat as against the others' non-dairy or vegetable fat. The latter leaves an aftertaste not acceptable to many. Besides, Kwality started off with an added advantage: a large number of expatriate Indians were already exposed to this product. And the strong marketing network established over the years enhanced this awareness.

Encouraged by its successful joint venture in Sharjah, Kwality appointed franchises at Jeddah in Saudi Arabia and Aden in South Yemen. The tie-up in Jeddah is a technical one and Kwality receives royalty for the use of its brand name. After the $5-million plant had been commissioned in 1980, the Indian company sent 125 professionals to Jeddah for training the personnel there. Even though the contract was technically over in 1990, the Saudis are likely to renew it again this year.

Kwality's involvement in the Yemen Dairy is less, icecreams being a small part of a much larger operation including fruit juices and processed milk products. Even though Kwality has a tie-up with one of the biggest plants in the area, business is being affected by a sagging Yemeni economy. Yemen ran into major foreign exchange problems in 1988 for supporting Iraq, thus losing vital financial assistance from Iran. However, with the cessation of hostilities, the Yemen Dairy is likely to be revived and Kwality could continue having a strong presence in that country.

Green pastures

Kwality is currently consolidating its position abroad by moving into greener pastures. Negotiations are at an advanced stage with Germany and the USSR. "A lot of groundwork has been done, we have already made sample shipments to both the places and the deals are likely to be finalised in another six to eight months," says Ghai. The company is keen on equity participation in a sophisticated $3-million plant coming up in Germany. The Indian government's approval is awaited on this.

Even though the plant in Uzbekistan, USSR, is slated to be much larger than the one in Germany, Kwality is a little skeptical about the negotiations. The company has already had its share of difficulties while negotiating with the republic of Uzbekistan. "We are dealing mainly with government officials who have no experience at all in international trade. We had to even explain what opening of LCs meant," says Seth.

In Nepal and Mauritius, Kwality is only looking for franchises. These deals are likely to be finalised by mid-1992.

"We have been working on these deals for the last two years and will be glad to see all of them materialise," says Ghai. When that happens, it will be a major move in an Indian company's efforts at globalisation.

■ SHAMPA KAR

e Thapar Group

ONE THING DAD TOLD ME WHEN

I WAS A KID:

"SON, A SHIRT LOOKS BEST

WHEN IT'S WORN WITH A TIE."

SO, EVERY SUMMER, WHEN THE

TEMPERATURE TOUCHED 40°C

I BOILED.

THIS YEAR I'M COOL.



Freedom from the Indian Summer

Contact JCT 24225


JCT FABRICS

Privatisation, UP style

If Sanjay Dalmia is successful in turning around his newly acquired UP Cement Corporation Ltd (UPCC), posterity will record that the process of privatisation was neither smooth nor peaceful. The transfer of this public sector company has left eight workers dead and a score wounded in riotous battles with the police.

The incident occurred on the afternoon of 2 June in Dalla, a sleepy town 125 km south of Varanasi, in the district of Sonbhadra. Some 1,500 employees of the just privatised cement company staged an impromptu *rasta roko*. They were attempting to stop Praveen Kumar, Dalmia's new managing director, from getting to the company's main plant at Churk, 70 km from Dalla.

According to eye-witness accounts, the *rasta roko* was hugely successful. Within two hours, vehicles were stranded for miles on either side of the arterial road. A limited police contingent, assisted by a platoon from the provincial armed constabulary (PAC), then resorted to a lathi charge. The agitators replied with stone-throwing. Finally, at 3.20 pm, the police opened fire, and did not stop till the place was cleared fully 90 minutes later. By then, nine men, including a bystander, were dead, and 27 had to be admitted to hospital — seven with fractures and the rest with bullet injuries.

No inkling

"It is not a labour problem at all. It was a law and order problem which the district administration quelled," says Sanjay Dalmia, chairman of Dalmia Industries Ltd. Adds Praveen Kumar, "It is unfortunate. I had met representatives of the Dalla unit at Churk just 24 hours earlier, but I had no inkling of any such protest action."

In the minds of Dalmia's new employees, who have not reported for work since 2 June, the new management is as much to blame as the police and district authorities for the firing. Says Chandrasekhar Singh, a worker at the Dalla plant, "There can be no excuse for the brutal police action. They were even firing at those who were fleeing the site. This is obviously the handiwork of Dalmia, who is using his political clout against us."

Dalmia shrugs off such allegations, but admits that the incident has made it difficult for the employees to work in harmony with the new management. "I am hoping that the workers will come and restart the plant soon. Our plans of modernisation have been delayed, but all is not lost. We will still turn this company around."

That may be a distant dream yet; for the 2 June incident was but the climax of a long resistance programme of workers and officers of UPCC against the move to privatise it. Talks abouts selling this perennially sick company, along with other similar public sector undertakings, had been in the air for quite some time. Finally, the state government put this company on sale, along with four others, in mid-1990. In October that year, when the Dalmias were just one among 10 bidders for UPCC, the workers petitioned the Allahabad high court, seeking a stay on the grounds that it threatened their service conditions and security.



Dalmia: "We will still turn this company around"

Implementation stayed

The business of scrutinising the bids, short-listing a few, asking each for additional details, and the final decision to come to a deal with Dalmia were all taken in the shadow of the writ petition. The court, while admitting the petition, had stayed the implementation of the decision to privatise the corporation. The government, which had in its MoU with Dalmia agreed to sell 51 per cent of the equity, transferred just 49 per cent of the shares, thereby technically obeying the court's ruling. Consequently, five of Dalmia's representatives joined UPCC's board of directors in April this year, with Praveen Kumar as the new managing director.

The employees of the corporation, including all senior officers, then decided that they would wait for the court's final decision before they took any orders from the new management. The court meanwhile, was moved by the government on 24 May, and it ordered that if the 49 per cent of equity was indeed transferred as of that date, then the revised board of directors with the Dalmia representatives could function in day-to-day management. The registrar of companies, as directed by the court, issued a certificate on 27 May that the shares had been transferred to Dalmia Industries Ltd and its associates on 9 March 1991.

The officers and workers of the corporation, however, refused to heed even this directive, and continued to ignore the new management. Unauthorised gate passes allowing cement to be taken out of the factories began to be issued. This was later confirmed by the assistant collector. Says Dalmia, "We were very conservative in our approach. But when reports reached us of illegal sale of cement, we had no choice but to take cognisance of the matter." It was then that the Dalmia management sealed the strong rooms storing cash at all three plants in Churk, Dalla and Chunar. Soon after, the excise commissioner officially suspended all movement of cement from UPCC's plants.

Wilful mismanagement

There are allegations of wilful mismanagement on the part of the incumbent senior officers of the company. Says

UP's industry secretary A.V. Singh, "Certain officers have been flourishing at the expense of the company. They obviously are apprehensive now that with the new management, they will not be able to feather their nests. And so this agitation."

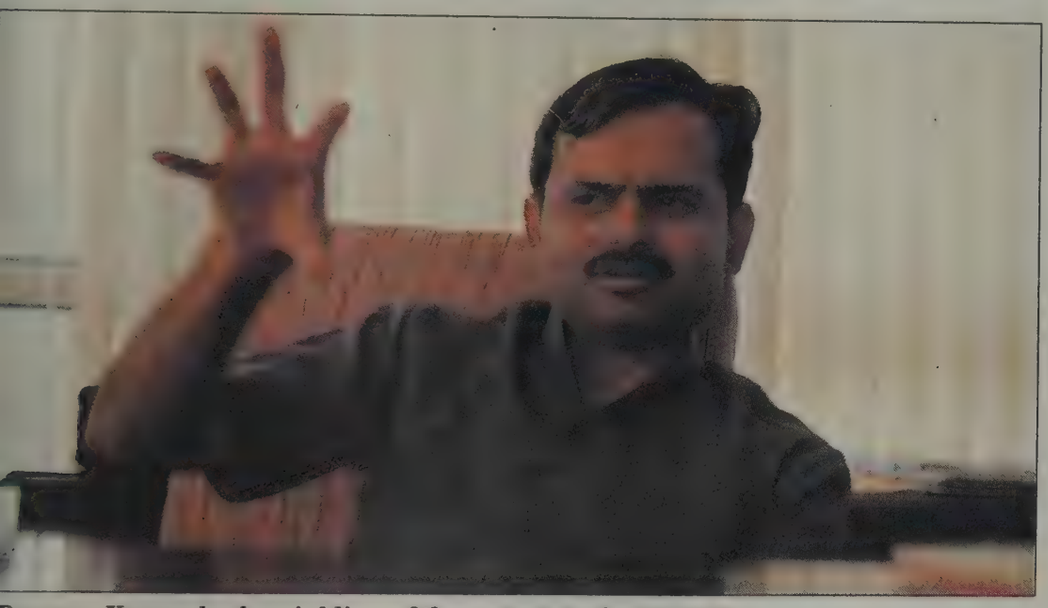
The new management claims that even though bank transactions were suspended after 12 April, officers of the company had spent Rs.2 crore in purchases of raw material and equipment in the subsequent 45 days. Further, the strong room at Dalla, which was sealed, was reported to contain Rs.1 crore. Asks Praveen Kumar, "What was the need for so much cash to be kept in hand?" Also, the new management claims that dealers have come complaining that even though they paid in cash, commensurate cement had not reached them. Says Dalmia, "This kind of money-making has to stop."

Praveen Kumar also says that his visits to Churk have highlighted the fact that certain officers are "instigating the workers". "I have talked to the workers. Their only apprehensions are retrenchment and discontinuity of service conditions. We have given in writing to the government that this will not take place. I want to turn this company around with the very same staff," he says.

Meanwhile, the police have arrested the general manager of the Dalla unit, Dharamveer Khushrama, under 13 different sections of the Indian Penal Code (IPC). He was later released on bail. A warrant is also out for the arrest of the finance manager at the Dalla plant, Yashpal Sharma. His whereabouts were, however, unknown till 15 June.

This in part has led to further fears among the officer cadre of an *en masse* dismissal. But says Dalmia, "I have no such intentions. People against whom proper charges are proved will no doubt have to face action, but I am the last to effect any mass dismissal." The employees are hopeful, however, that a new government in the state will retract the privatisation step and restore public sector status to the company.

In the meanwhile, there have been hushed murmurs that the Dalmias were being favoured by the Mulayam Singh government. Counters industry secretary Singh, "Once the decision to sell these sick companies was taken, we went strictly according to the book. Tenders were called in and a privatisation committee set up to look into them. Six of the ten bidders were short-listed in the first round, and two remained in the last round — ACC and Dalmia. ACC withdrew at the very last stage of negotiations, and Dalmia's offer of Rs.75 per share of Rs.100 was found acceptable to the government. The entire process took over eight months."



Praveen Kumar had no inkling of the protest action

Successfully restarted

In sharp contrast to the UPCC case has been the sale of UP Autotractors Ltd to the Bangalore-based Sipanis. The Autotractor unit in Pratapgarh district, which was shut for six months, has been successfully re-started by the new management without much problems. Says Singh, "In fact, we had expected some trouble here and not in the cement unit."

UP Autotractors Ltd, a 12-year-old company deep in the red, was shut down by the government in December last year. Most of its 1,200 workers were paid compensation. When the Sipanis moved in to buy the firm, they promised to take back half the original staff immediately, with an assurance to absorb the rest within two years. Things have been going smoothly there, and the first lot of engines has already rolled out of the factory since the new management took over.

The question now being posed is: how much of a setback has been caused to the move to involve the private sector in managing public sector companies? Says Singh, "Policies may differ from government to government, but one inescapable fact is that the state exchequer can no longer continue to absorb huge losses and waste scarce resources." Adds Dalmia, "I did not expect such a situation (at UPCC) but I am not pessimistic. If there is another sale of a public sector company in which I am interested, I will go for it."



A UPCC worker injured in the firing

Meanwhile, the election results, at the time of going to press, are pointing to a BJP government in Uttar Pradesh. L. K. Advani has gone on record as saying that the "myth that the public sector must deliver everything has proved to be false". Party president M.M. Joshi has also said that "the Indian entrepreneur's spirit, which for long has been suppressed, has to be encouraged." If these are any indicators, the privatisation movement in UP, which ironically began during a socialist chief minister's term, will probably gain momentum.

■ R.S. VENKATESH

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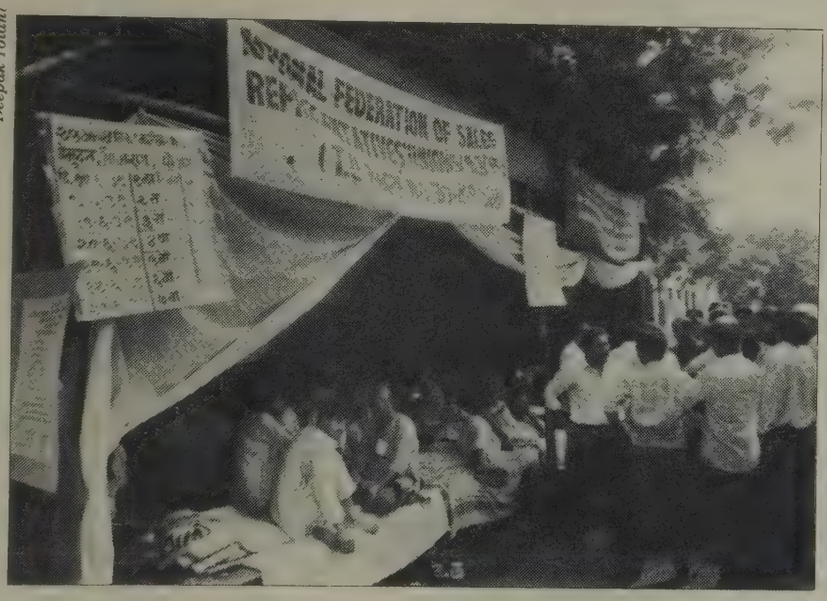
J.B. CHEMICALS AND PHARMACEUTICALS

Not a happy family

The battle lines are drawn. Next to the company's headquarters in a quiet bylane in central Bombay, 20 medical representatives of J.B. Chemicals and Pharmaceuticals Ltd have settled down on the pavement for an indefinite hunger strike. The bone of contention: the management's refusal to recognise J.B. Chemicals and Pharmaceuticals Ltd Employees Committee (JBPLEC) as the legitimate representative. But J.B. Mody, owner of the company, is unimpressed, calling the hunger strike "illegal and unjustified". Mody, who began as a medical representative three decades ago built up the Rs.60-crore company. Better known as the Unique Group, the company's product range includes Metrogyl, an anti amoebiosis formulation.

The present strike comes after a year of trouble between management and employees. The employee's committee, formed in November 1989, asked for representative status and presented its charter of demands in March 1990. The main demands of the charter included a better paypacket, as the then starting salary for MRs was Rs.900 only, below the industry average.

Deepak Tolani



J.B. Chemicals employees: year long saga

Year long saga

The management refused. "We have various employees' councils in different states. How can we recognise the demands of one council amongst many?" asks Mody. Then began the year long saga of disputes, agitations, allegations and counter allegations.

The new union, affiliated to the National Federation of Sales Representatives Unions (NFSRU) took the dispute to the Labour Commissioner's Office in Bombay in July 1990. After a nine-month delay, the conciliation officer refused to intervene as the union's membership was too low and MRs are not 'workmen'. "We were let down by the labour commissioner's office," says Amal Dey, president of the Federation.

In May, the Industrial Court of Bombay ruled that MRs are classified as 'workmen' under the Industrial Disputes Act. The union then requested the Commissioner's office to review the case, and also met the minister of state for labour. But nothing has been done since then. "This forced us to take this extreme step," says K.R. Aiyar, general secretary, NFSRU.

The union, meanwhile, with the federation's backing, appealed to doctors all over the country to boycott Unique's drugs. And recently, the West Bengal chapter of the Indian Medical Association issued an open appeal against the management, 'to oppose the rule of the rod', signed by a number of doctors and intellectuals, including the vice-chancellor of Calcutta University, B. Roychowdhury.

Mody, however, denies the charges that he pressurised employees to resign from the union. He claims that 76 members left the union voluntarily. He points out that with only 20 members, the union can hardly claim to be representative. Aiyar strongly disagrees. "At the time of registration and when the dispute was first referred to the Commissioner's office, we had 96 members of the total of 220 MRs." The spate of resignations later, he claims, is a result of the management's pressure tactics. For example, the strikers claim that Mody personally coerced union members in Gujarat to resign.

Apart from the rancor over the membership and recognition issue, the union has a host of grievances against the management, including the transfer of four MRs in West Bengal, dismissal of two union activists, and withholding promotional material, salaries and commissions due to union members.

Over the transfers and dismissals, the union moved the Industrial and Labour court, where the cases are still pending. "These disputes are still *sub judice*. If the union dislikes the court's decisions, they are free to move the higher court. Why a hunger strike?" demands Mody.

The management, in turn, is accusing the Federation of interfering in the company's internal matters. According to Mody, the Federation's members, who are promoting competitor's products, have deliberately undermined the company's sales efforts. "We terminated the services of two MRs because they were actively appealing to stockists and doctors to boycott our products. That is tantamount to an act of sabotage," says Mody. In West Bengal, where the agitators were most active, "We were forced to stop supplies of promotional material, as it was being misused by the agitators," he says.

Mody is adamant that he will not give in to the strikers. "Let them go through legal channels. Then we will accept the verdict," he says. The management can afford to remain unfazed as all this has not affected the company's financial performance. In fact, the company improved its sales for the year ended March 1991. At Rs.60 crore, it is 7 per cent over last year's. And net profit for the six months ending September 1990 at Rs. 5.10 crore was more than twice last year's.

The company's performance stayed undisturbed mainly because Metrogyl, which contributes more than 50 per cent of the company's turnover has almost become an over the counter product, and requires very little sales promotion efforts.

The agitators seem to be aware of the the company's strengths. "It has become a prestige issue for J.B. Mody. He will not relent. We can only hope to put pressure through the government. How many deaths can the management tolerate?" says Aiyar. With both parties hardening their respective stands, Unique has a long way to go before it can be the "large happy family" that Mody describes it was.

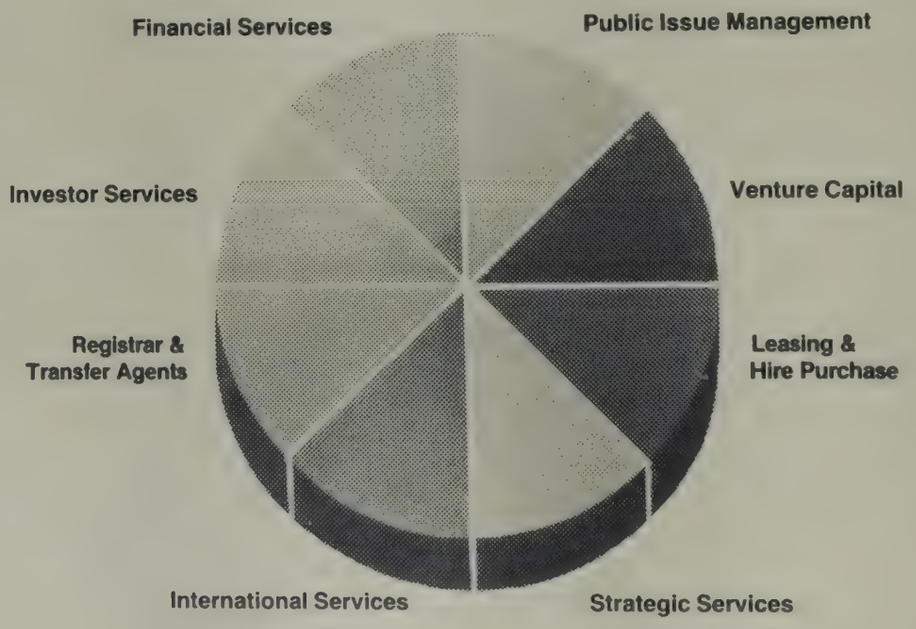
■ SUDESHNA SEN

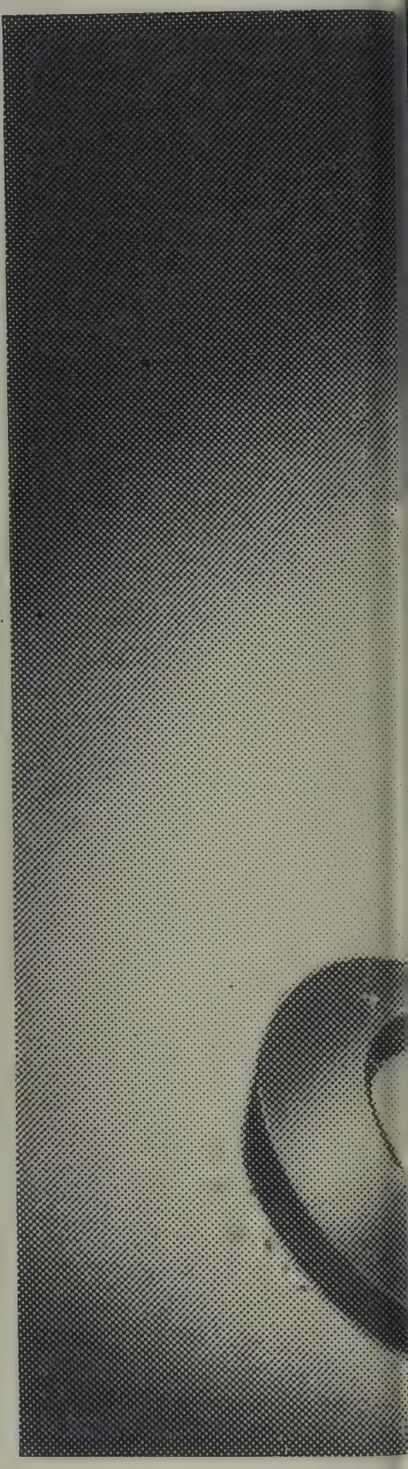
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WORD IN FINANCIAL SERVICES

Concept

RAILWAY MODERNISATION

Unfortunate delays

At peak hours, phenomenal crowds throng through south Bombay's two major local train stations — Churchgate (Western Railway-WR) and VT (Central railway-CR). Since 1951, Bombay's commuter traffic has skyrocketed by 450 per cent to 5 million passengers per day, while the number of suburban trains has risen by only 150 per cent.

In response to the urgent need to modernise and expand the system, both CR and WR have taken some major initiatives. Unfortunately court cases and stubborn hutment dwellers are stalling progress. Currently three ambitious plans have been drawn up. But though the suburban system is not being tackled directly, the spillover benefits will be immense.

Practical planning

One plan is to close WR's large Carnac Bunder goods depot in south Bombay, and transfer its loading and unloading operations to CR's Wadi Bunder goods depot a kilometre away. The operations can be combined easily, says Vijay Kapoor, WR's divisional railway manager, because the volume of goods handled by the two depots has nearly halved over the years. These two depots were set up several decades ago to serve the growing traffic in Bombay port. With the northern suburbs becoming the hub of commercial activity and the Nhava Sheva port becoming operational, bulk commodities like iron, steel cement and foodgrains have begun being handled at CR's new depots at Kalamboli and Mulund, and the WR depots at Andheri and Jogeshwari. Also, once the Carnac depot closes, its 8-hectare area will be annexed to the adjacent mainline VT station.

This rationalisation will serve a dual purpose. First, all the WR goods trains coming into the Carnac depot, cut through both the CR and WR suburban tracks, delaying local trains. Once Wadi Bunder is the main depot, all goods trains will be routed to this central depot from stations on the city's outskirts. On the WR side, freight trains will come via Vasai and Diva to Wadi Bunder, while those of CR will come via Kalyan and Masjid Bunder, without interfering on suburban lines.

In fact, WR, plans to introduce 35 additional suburban trains taking the total to 901 once the goods trains stop cutting across Dadar station to reach the Carnac depot. Says M.V. Srinivasan, WR's general manager, "From Virar up to Bombay Central, we do not want our freight operations cutting into the suburban traffic."

Second, the additional acreage available from the Carnac depot will be used to expand the mainline VT station. A three-phase, Rs.50-crore programme, subject to the approval of the railway board and spread over five years, has been blueprinted. In the first phase, to be completed in 18 months, the existing parcel office will be relocated and two platforms lengthened. The maintenance and berthing facilities will be shifted from Mazagaon to VT, saving up to 4-6 hours of long-distance trains' lead time. In the second phase, the other platforms will be lengthened and two new ones added, bringing the total to eight. The third phase includes a new entrance terminal on P. D'Mello Road on the east of the station with a parking lot and another ticketing office.

With the lengthening of the platforms CR expects to run longer trains — with 22-24 cars as against the 12-18 cars running now. Capacity will then increase by over 50 per cent without really increasing the number of trains. "Other CR divisions," points out A.N. Shukla, CR's general manager, "have the capacity to handle longer trains. The bottleneck is VT."

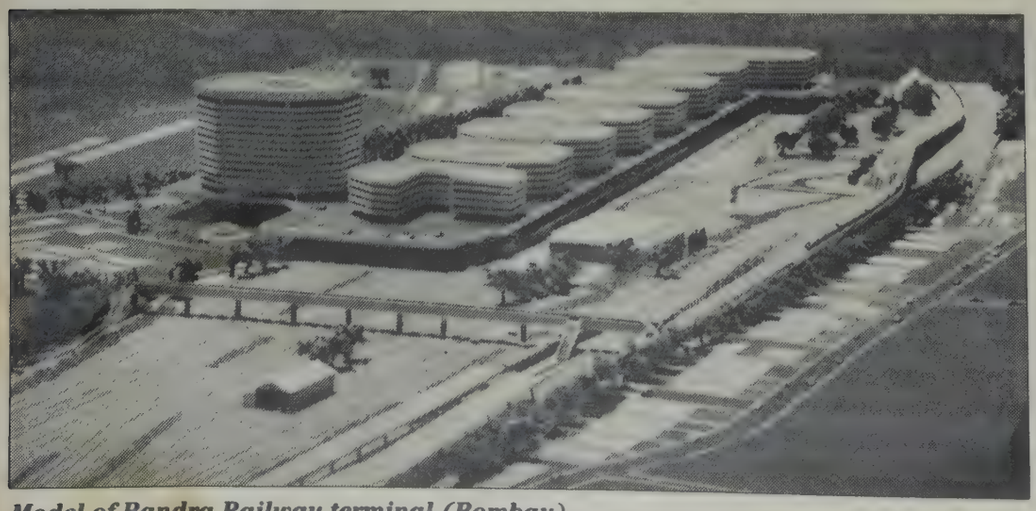
A new mainline terminal at Kurla, equipped with longer platforms, is another CR project. This will provide another exit point for long-distance passengers. Similarly, Bombay Central is being supplemented on the WR side, with a new mainline terminal at Bandra east. This will accommodate the longer trains, which Bombay Central cannot.

Practical though the plans are, progress in their implementation has been far from smooth. The remodelling of VT is yet to begin and the other two projects have been stalled midway. At Kurla, hutment dwellers refuse to move from a small area across which new tracks are slated to pass and the issue is now in the courts. The terminal building, started in May 1989, meanwhile, is complete at Bandra east, after an expenditure of over Rs.10 crore. But construction of the approach route to the station remains hampered by 1,400 huts occupying the land.

At Carnac Bridge, meanwhile, the 75-odd clearing and forwarding agents have got a stay order from the courts, soon after WR decided to shut the depot in January this year. According to Bharat Danani, secretary, Carting Agents Association, at Carnac Bridge, "WR is not offering us equivalent facilities at Wadi Bunder." According to Srinivasan, the agents refuse to move because they are transacting business unconnected with the railways there, like road transport. Besides, says Srinivasan, "Where else will they get table space in the city for the princely annual rental of Rs.12 with phone, and Rs.10 without."

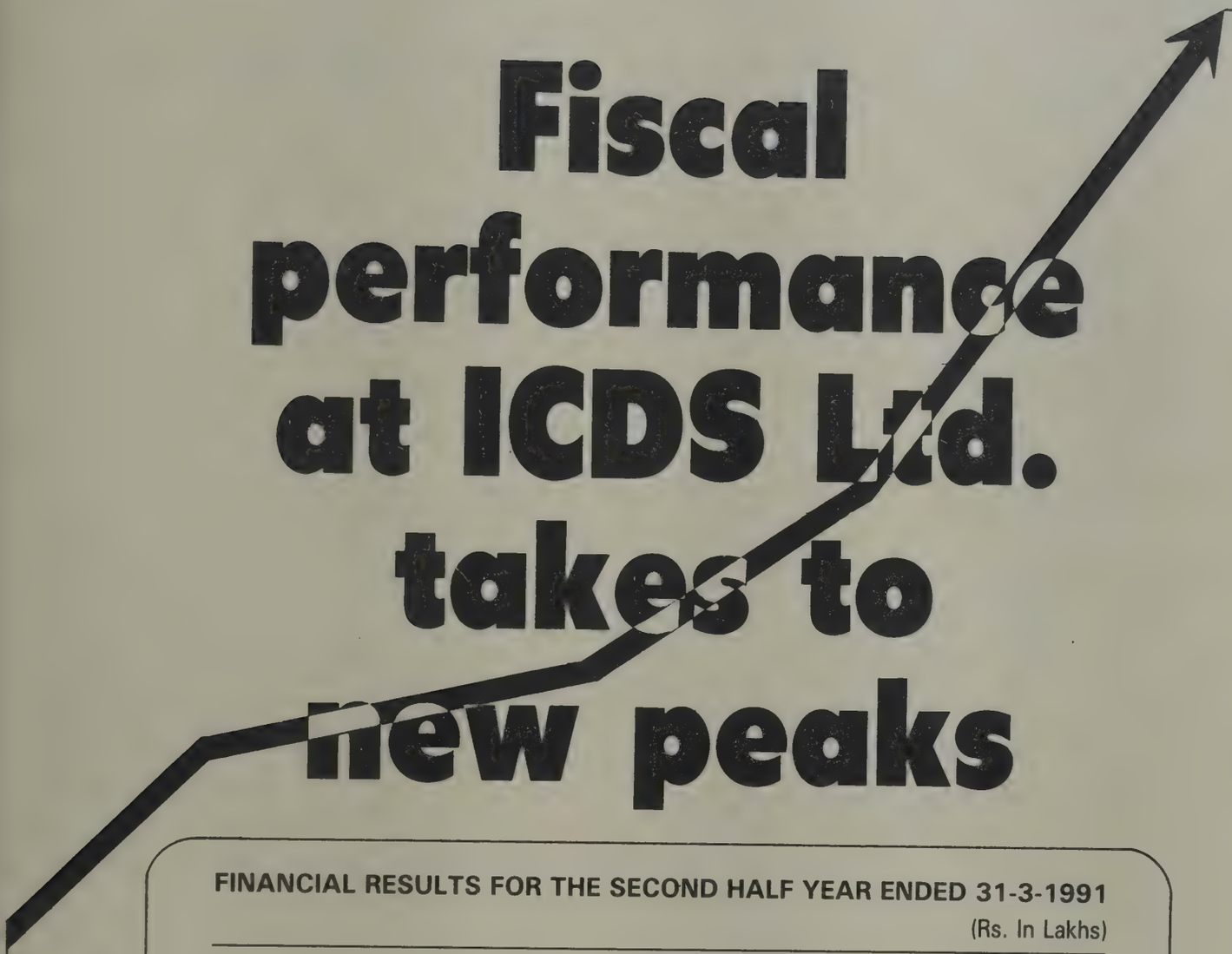
Railway officials, however, are optimistic that since the railway ministry and railway board have been supportive, funds will be released promptly and work will start as soon as the court cases are resolved. But till then, 5 million commuters will have to wait out the obstinate refusal of a few hundred to budge from their places.

■ INDIRA KHANNA



Model of Bandra Railway terminal (Bombay)

Fiscal performance at ICDS Ltd. takes to new peaks



FINANCIAL RESULTS FOR THE SECOND HALF YEAR ENDED 31-3-1991

(Rs. In Lakhs)

PARTICULARS	SIX MONTHS ENDED 31-3-1991	COMPARITIVE SIX MONTHS 31-3-1990	FOR THE YEAR ENDED 31-3-1991 (AUDITED)	FOR THE YEAR ENDED 31-3-1990 (AUDITED)
GROSS INCOME	**1592.06**	1154.55	**2828.54**	2119.74
OPERATING EXPENSES	**198.11**	214.62	**366.65**	344.26
FINANCE CHARGES	**960.24**	599.28	**1601.81**	1121.07
PROFIT BEFORE DEPRECIATION & TAXES	**433.71**	340.65	**860.08**	654.41
DEPRECIATION	**249.53**	161.68	**448.23**	254.19
TAXES	—	30.00	—	75.00
PROFIT AFTER TAX	**184.18**	148.97	**411.85**	325.22

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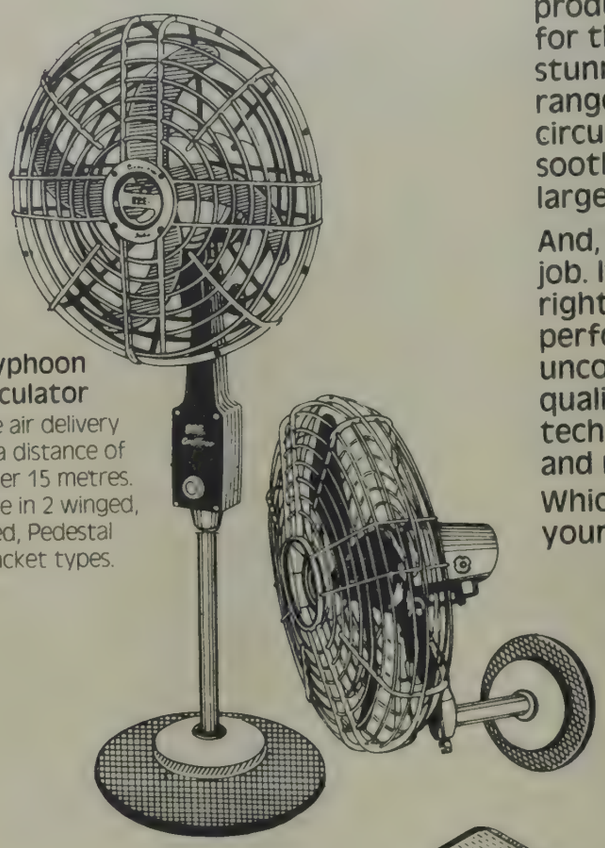
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Ultimately, there is only one name in the air that stands for gold.

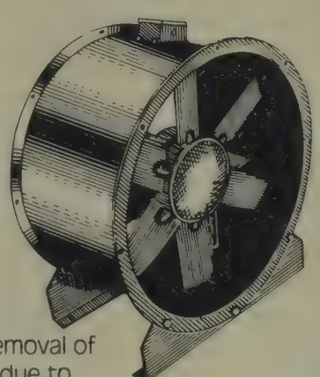
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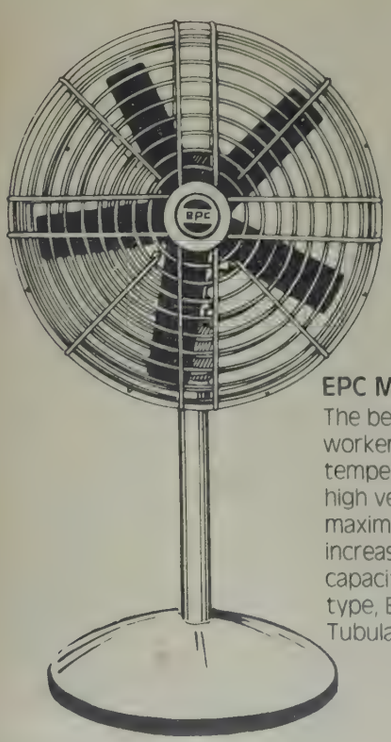
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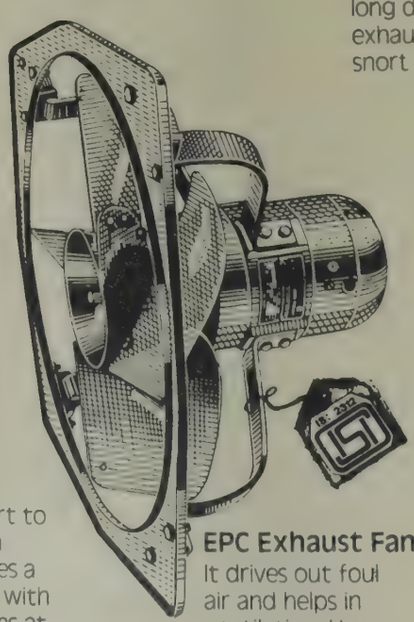
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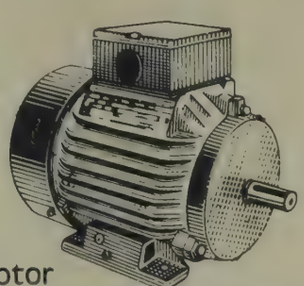
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New swing in LBOs

Over the last few years, leveraged buyouts (LBOs), junk bonds, and Wall Street have become dirty words in corporate America. Donald Trump has had to give up a lot of management control to creditors in order to prevent his overleveraged empire from collapsing.

Some of the most common names in America, such as Greyhound and Bloomingdales, have gone bust in spite of the fact that their management is still very strong. Yet, last year about 900 deals were completed. These were more down-to-earth and reflected a correction from the excesses of the eighties. As a result, life after debt has been a lot easier for management and these deals promise to be more successful.

In the "superbull" environment of the eighties, savvy Wall Street bankers came up with many innovative financial vehicles such as junk bonds, interest rate resets, deferred interest bonds, and other ways of manipulating cash flows to suit the needs of companies and investors. They overstretched as debt ratios increased from 33 to over 50 per cent and interest coverage ratios fell from 2.4 to 1.6. All of a sudden the LBO boom was over.

Drop in activity

To some extent, market psychology and general business woes explain the sudden drop in activity. The recession, Iraq's occupation of Kuwait and the accompanying uncertainty tamed the confidence of the markets. Non-performance of consumer and other business loans, the fall in real estate and stockmarkets, and the regulatory pressure to build capital bases have all resulted in a credit crunch. Specifically, banks are carrying more than $150 billion of residual risky LBO loans on their books and are not even willing to look at fresh proposals.

As a result, Wall Street has cut more than 48,000 jobs. *Mergers and Acquisitions* reports that within a year, the total value of the deals has fallen by more than 17 per cent from $230 billion in 1989 to $45 billion in 1990.

Deals are still happening. But, as mentioned earlier, they reflect a correction. Michael Milken's conviction has aroused anti-greed sentiment and the failure of many of the highly visible deals of the last couple of years is leading to soul-searching. Recent deals demonstrate common sense, business fundamentals and moderation.

Most of the major acquisitions of last year were synergetic and companies focused on the business side as opposed to dry number crunching. Matsushita's $6 billion acquisition of MCA was masterminded, not by a bunch of Wall Street firms such as Wasserstein Perella or First Boston, but by Hollywood movie agent Michael Ovitz.

Philip Morris executives spent more than six months analysing Switzerland's Jacob Suchard. It was only after they were certain that besides reducing its dependence on tobacco, the acquisition would serve as a vehicle for their entry into the fast growing European market, and also provide it with a local base to compete effectively after 1932, they acquired it for $4.2 billion.

Question marks

There was no major hostile takeover. The AT&T bid for NCR is still not complete and there are still question marks in the financing arrangements. When Forstmann Little bought General Instrument for $1.5 billion, Ted Forstmann went out of his way to "sell" himself to the top management of General Instrument.

Many of the deals were the result of restructurings of highly leveraged companies. MNC Financial Services sold its credit card operations to support its mainline banking business. Many similar debt-laden companies have assets to sell. These deals, however, are a lot smaller than the $25 billion RJR Nabisco megadeal of a couple of years ago.

The premiums have fallen from 35 per cent to a more realistic 25 per cent. Swiss pharmaceutical firm Roche Holdings bought 60 per cent of Genetech for $2.1 billion. Just a year ago the price would have been considered a "steal". But today people are asking, "Is it worth the price?"

Buyers also provided more equity. Last year, acquiring companies put up on an average between 25 per cent to 40 per cent of the total price as compared to 10 per cent a year ago. Buyout king Henry Kravis is adding $2 billion in equity to his $1.6 billion treasure chest in order to avoid over-leveraging.

Why then did so many of the leveraged buyouts of the late eighties fail? An analysis of the causes of failure shows three main cotributory cases.

Many of the LBOs have fallen prey to the optimistic forecasts produced by analysts and investment bankers. It was a combination of optimism and blind ambition. When Robert Campeau took over Federated Departmental Stores, he made errors in projecting future cash-flows. The $120 million gain from operational efficiency and synergy proved to be a dream. Critics also argue that First Boston's main interest was in providing a $257 million bridge loan and making sure it got repaid in three months rather than wait for the viability of the deal as a whole.

Serious repercussions

In highly leveraged situations, even a small unforeseen downturn can have a serious negative impact. Debt servicing costs are fixed and typically constitute about 20 per cent of sales of LBO companies. Even a small sales fluctuation can translate into a cash flow crunch. The viability of Al Cheechi's LBO of Northwest Airlines was at an all-time low last year due to high oil prices and low aircraft occupancy, resulting from the uncertainty in the Gulf.

When highly leveraged companies face problems, they find a sudden change in business relationships. Australian entrepreneur Alan Bond found that competitors started aggressive pricing and bankers who once flocked to do business were not interested in a refinancing package and forced bankruptcy.

These LBOs failed not because the concept is flawed. Many companies, such as the cable TV operator Viacom International and the supermarket giant Safeway Stores have successfully managed highly leveraged operations. LBOs failed because of an over-reliance on financial engineering and the managements' inability to deal with the real business issues and risks.

Investment strategists feel that cash rich companies such as Schlumberger and Philip Morris, which only a year ago would have been takeover targets themselves, are today in the best position to make "niche acquisitions". Every cloud has a silver lining.

■ GAURAV DALMIA

The author has an MBA from Columbia University, and is vice-president of Orissa Cement Ltd.

HINDUJAS

The French connection

In April, the Hindujas formalised a strategic alliance with Credit Lyonnais — the leading French bank — by creating a new financial services company called AMAS — CL S.A. The new company is based in Paris.

The partners involved in the joint venture are two subsidiaries of the two large groups. AMAS Holding S.A.— the Hinduja subsidiary — is a financial services company operating in most countries of Europe and the USA, while Credit Lyonnais Investment — CLINVEST — is the French bank's investment banking unit active in all areas of corporate advisory work. CLINVEST, in fact, manages Credit Lyonnais' substantial portfolio of quoted and unquoted industrial and services investments. AMAS will invest French francs 100 million in the venture. The new company will be managed by a board of directors.

Cosy relationship

It is a cosy relationship that AMAS and Credit Lyonnais have worked out. The purpose of the new venture is to "channelise investments in minority shareholdings in privately held companies." Also, says S. P. Hinduja, "The reason for establishing the joint venture is for diversification of currency, political and commercial risks and to be able to obtain the best opportunity in each country." In other words, make a small inroad into the companies without attempting to gain management control over them.

In this pursuit, CLINVEST will help identify opportunities for joint investment by AMAS and itself. "The opportunities will be found in French industrial and commercial enterprises which offer high growth possibilities," says Hinduja. Interestingly, AMAS will also offer these opportunities to its private and institutional clients, as also the Hinduja group of companies. The joint venture company will examine and recommend investment opportunities presented by both parties. AMAS will draw on the expertise and infrastructure of its partner in each country it operates in, and will complement them with its own marketing strength.

AMAS will derive two benefits from this venture. It will gain access to the expertise and opportunities which Clinvest will provide. Centralisation of the banking relationship between AMAS and Credit Lyonnais through this "legally defined vehicle" will enhance efficiency and the growth of the relationship. Credit Lyonnais, on the other hand, will have an opportunity to develop links with a first class industrial and financial group over a "wider range of activities than those specified in the venture."

■ ALPANA KILLAWALA



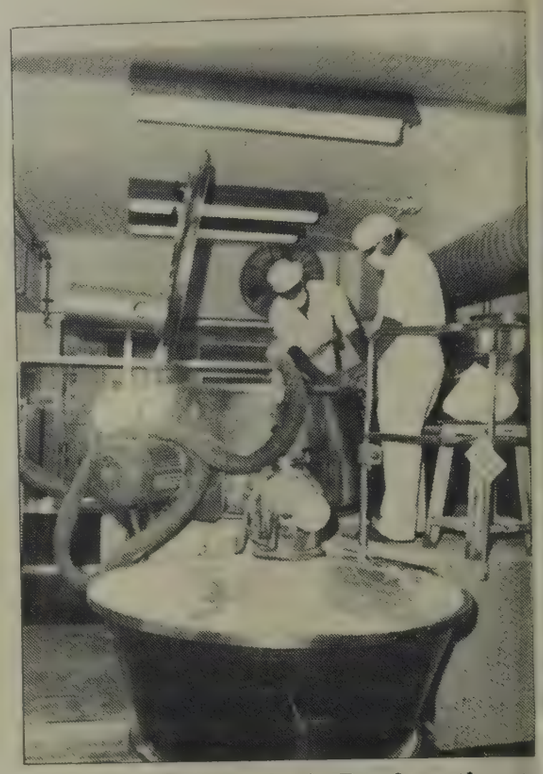
Hinduja: seeking the best investment opportunities

ROCHE HOLDINGS

Prized buy

Recently, the Chicago-based Sara Lee, the holding company of Aspro Nicholas, UK, sold it off for $ 821 million to the Swiss pharmaceutical giant, Roche Holdings. The sale was part of a worldwide move away from pharmaceuticals. Sara Lee has gradually been disinvesting in pharmaceuticals and focusing on household and personal care products.

The acquisition marks a shift from Roche Holdings' traditional focus on high technology life-saving drugs. The company has now emerged as Europe's fourth largest OTC (over the counter) drugs company. For its Indian subsidiary, Roche Products Ltd, the move could have been a godsend. With over 80 per cent of its products under the Drug Price Control Act, Roche, which is the country's largest manufacturer of vitamin A, has long faced increasing pressures on its margins. The Indian company has been eyeing the lucrative OTC market for some time as the only way to escape the DPCA yoke. Being a FERA company, though, it had little scope in that area, and at one time was seriously contemplating diluting its foreign stake. Its parent company's takeover of Nicholas, however, will be of hardly any help in the present situation.



Roche Products units in Bombay: the OTC market remains out of reach

Controlling interest

Two years ago, Aspro Nicholas, UK, decided to move out of India and Ajay Piramal bought the controlling interest in Nicholas Laboratories India Ltd, beating back a host of contenders, including G.P. Goenka and the Chhabrias. Along with a 24 per cent stake in the company, he also acquired the rights to use the trade names of the main products, like Aspro and Clear-tone creams. According to Piramal, the sale of Aspro Nicholas will have no effect on the operations of Nicholas Labs here, since the company and more importantly, the trade names, including Aspro, belong to the Piramals. For the moment, at least, the OTC market will remain out of Roche's reach in India.

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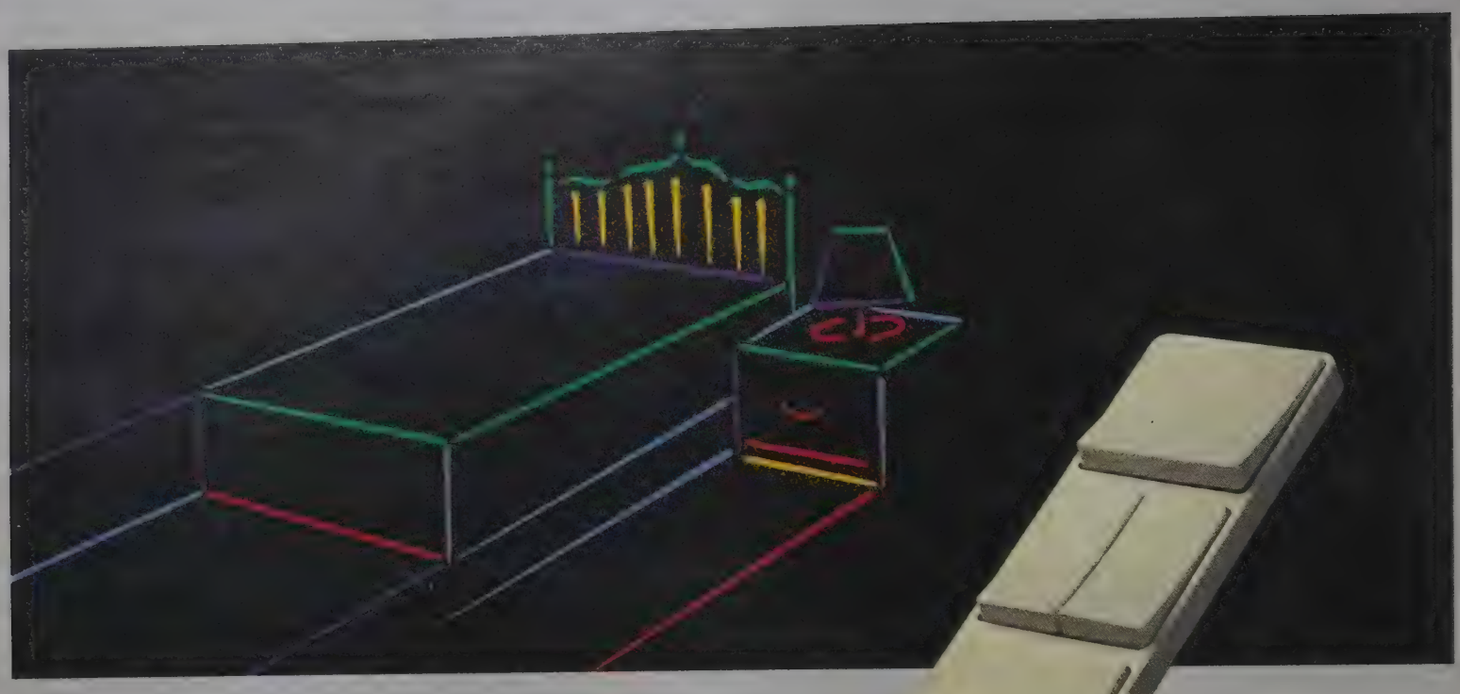


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ELLO THERMOWARE

Moulded to succeed

he company has come a long way from bangles and footwear to thermoware. nd it has gained a stronghold in the market, both in India and abroad

rom glass and plastic bangles to PVC ootwear to moulded household plastics o thermoware — that, in short, is the oute the Rathods took to success. It reeals the family's keen ability to spot usiness opportunities and move in for he kill. But what it doesn't necessarily xplain is the absolutely dynamic growth f their thermoware division to a turnver of Rs.30 crore, from an unassuming s.40 lakh in a matter of five years.

Says G. Rathod, the man behind it all, Previously we were only into trading. My ather, having imported glass bangles nd sold them in India for several years, nally began to manufacture glass banes at Ferozepur." But soon the age of lastic set in and the Rathod family, movg with the times, shifted its focus to lastic bangles. Having no manufacturing nit of their own, they would get these ade by smalltime job-shops till 1958 hen they bought over a factory which anufactured plastic bangles and mareted it under the brand name Cello.

"It was a small business," says Rathod. ow much can you possibly make from astic bangles? The entire market was st about Rs 10-15 crore in those days. It as logical to look for other areas to diersify." It was at this time that PVC footear was introduced for the first time in dia. Rathod was quick notice the potential d by 1967, Cello, beg already in plastics, d moved into PVC otwear themselves d by the following ar had stopped makg bangles altogether. ys Rathod, "Everying we made got sold d we worked to full pacity."

onfident move

om footwear to oulded household astics was but a step. ed one which Cello ok with confidence, siultaneously manufacring buckets, tubs, pencil boxes, water bottles etc. For the next several years, Cello went strong, achieving a turnover of Rs.2 crore. By 1986, it was time to move on. "It was around this time that my son Pankaj came to me and said he wanted to do something too," Rathod says. He was ready. "Find out how to manufacture thermoware," he told his sons Pankaj and Pradeep, who, in their early twenties, were just about ready to enter the business.

Why thermoware? For Rathod it seems simple enough. "Eagle and Milton were the only ones in the business, and together they could hardly meet 25 per cent of the demand for thermoware." It was a matter of time before they purchased the necessary polyurethane filling machines from Germany, and began to manufacture Cello thermoware.

Rathod gives the entire credit for the setting up of the thermoware unit to his sons, who, he says, did all the spadework. Says Pankaj, "We had no problems finding out about the plastic moulds. The problem was the insulation. We got the machine all right, but in the beginning, we didn't know how to use it." But work teaches you everything, he says, and very soon they were on their way. In May 1986, they made their first thermoware item — a water bottle. Says Rathod, "Till date that has been our best product. It was such an instant success, that not only were they sold out immediately, but people even wanted to buy the seconds during the Diwali season."

Production in those days was just about 500 pieces a day, in a workshop with an area of 3,000 sq ft. Today, Cello produces over 9,000 pieces a day with a range of over 140 items, and have over 60,000 sq ft of factory area including six units in Bombay and a full-fledged manufacturing unit in Daman. Their growth rate, at an average of 100 per cent every year, has enabled them to capture a large chunk of the Rs.150-crore thermoware market in India, in less than five years.



Rathod and sons: short route to success

Available everywhere

With a large sales and distribution network, their products are available in virtually all corners of the country. Says Pradeep, "We tapped all our contacts from the plastic days. Today all those distributors who sold our household plastics, sell thermoware." They have about 60 distributors throughout the country with whom they are in regular touch, meeting them at least four times a year, for feedback from the market. "It helps us keep in touch with the market, with what the consumers want," says Rathod.

Exports are yet

Photos: Pankaj Desai



Production facilities at Bombay

another area where Cello is rapidly gaining a stronghold. "In 1988, we got our first export order thanks to an exhibition in Dubai we participated in. That year we exported Rs.20 lakh worth of goods," recalls Rathod. In April and May this year alone, their exports have touched Rs.90 lakh. Their annual exports today account for over Rs 1.5 crore, covering over seven countries including several Gulf countries, Singapore, Cameroon and Malaysia. According to a senior executive at Milton Plastics, "Cello is popular only in the Gulf where quality is not given enough importance."

"Competition is getting tough in the export market, but we have one major advantage — we are the only people who can deliver an export order, however large, within eight days," explains Pankaj, who is in charge of production. "By hiring four injection moulding machines, we can increase production by 1000 pieces a day. This helps us deliver fast," he adds.

Quick delivery is something that Cello prides itself on. And it is something that is essential especially during the festival season, when thermoware sales hot up to a feverish high. Cello keeps itself fully geared for the festival season, which accounts for over 60 per cent of the total sales. Advertising campaigns break during this period, orders from institutions are bagged two months in advance, and production is stepped up. A marketing and sales team today services the market, with five executives specially handling institutional sales.



Celloware: moving in for the kill

Credit benefits

One of the main things that helped Cello achieve such instant success was their credit policies. Explains Pradeep, who handles this area, "When we started, companies manufacturing thermoware, dealt in cash only, and that too in advance. We started the system of 30 days' credit. It enabled the distributor to order larger stocks and he in turn was able to pass on this credit benefit to the retailer." The result was immediate — distributors ordered more, retailers stocked more and sales went up. Today, other companies too have begun giving credit, but the early advantage Cello gained was enough to provide the springboard they needed.

What do they attribute their phenomenal growth to? Systems, structures, planning, organisation are words dismissed by the wave of a hand. Says Rathod, "Our growth can be attributed to one single factor — the warm, personal relations we share with our staff, our labour, our distributors and our customers." Not for them the American hire-and-fire policies. The 600-strong workforce is treated with care and respect. "We never question loans, we just give people what they need, no matter how long they may take to pay back. We look after our people — we have never given them less than a 20 per cent bonus. We make it a point to attend their family functions, like weddings, births, etc." A free meal is prepared in the company kitchen every day for the entire staff and the Rathods eat along with them.

Distributors too remain staunchly loyal to them, having themselves achieved a phenomenal growth, thanks to Cello. "To us, every distributor is a part of the family, whether he buys Rs.25,000 worth of goods, or Rs.25 lakh," says Rathod. He along with his two sons, is in personal touch with every distributor, making it a point to visit the territory every few months.

An increasing advertising thrust and focus has gone a long way in consolidating Cello's position. Says Rathod candidly, "Initially, I wasn't at all keen on advertising. Maybe I was old fashioned, didn't see the need. My sons convinced me." With a modest initial budget of less than a lakh, Cello released their first ad in 1986. They worked. Their campaign for water bottles that says "Water-relief" with a visual of a man thirstily drinking from a Cello bottle, clicked in the mind of consumers and made a substantial difference to sales.

Building the brand

Today their advertising budget is over Rs.1.50 crore. Says Anjan Chatterjee of Situations, the agency that handles the Cello advertising, "Initially, all advertising was generic. We had to sell the category, rather than the product. Now the awareness is there, the product benefits have been communicated and our thrust now will be single focus — to build the brand Cello.

Product development is being given increasing attention too. Market studies undertaken by them reveal the need in the market. Pankaj and Pradeep make frequent trips abroad to observe trends there and on an average, two new products are introduced every month, throughout the year. But sources say the two main competitors — Milton Plastic and Eagle Flasks — as well as major thermoware dealers accuse the Rathods of imitating Milton and Eagle designs.

Where to, now? — a question that the Rathods have obviously asked themselves. And to which, with instinctive business acumen, they have answers. But they are not about to make their diversification plans known to the public. "Yes, we will diversify. We also intend to move entirely to Daman so that we can streamline our operations," says Rathod. For now, they feel it will be sufficient to say that they intend to go public by 1995.

And when you consider their modest beginning, it has been a long way to have come for someone who manufactured glass bangles.

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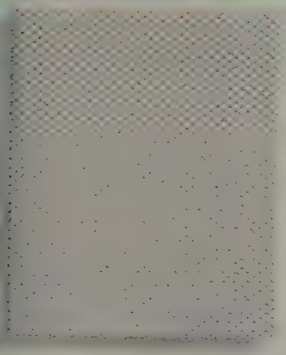


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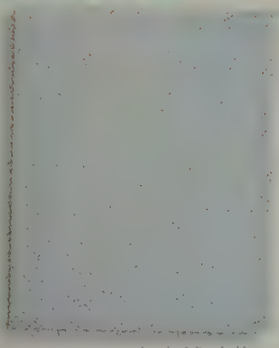
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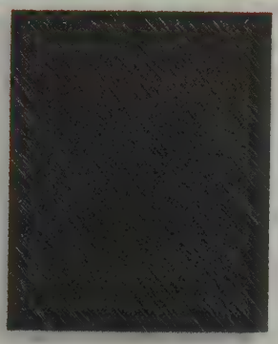
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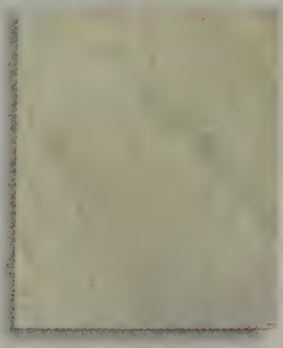


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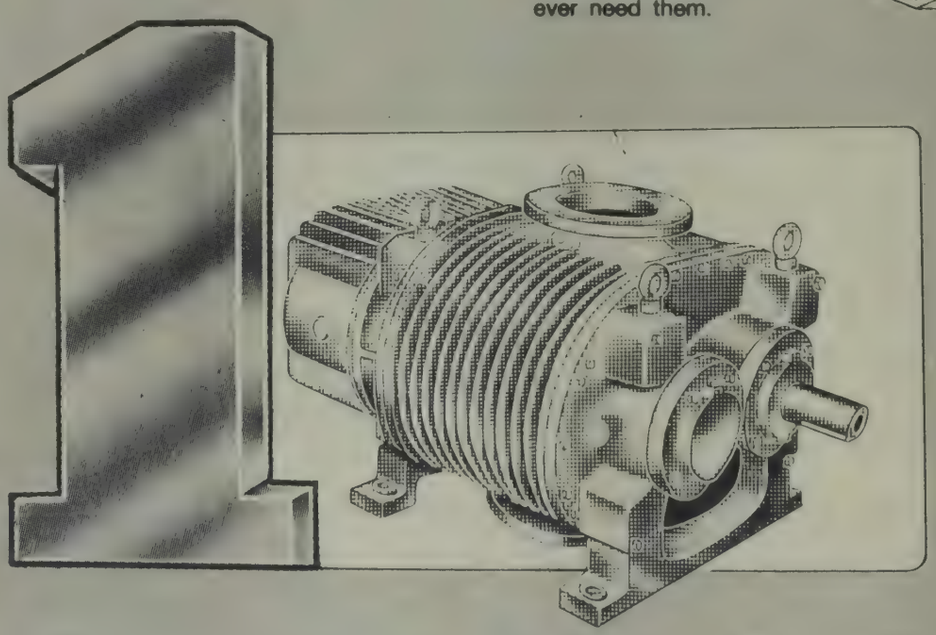
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PROTCHEM INDUSTRIES

Wealth from waste

n a manner of speaking, 38-year-old T. Manoharan has succeeded by a hair's breadth. His 100 per cent export-oriented venture Protchem Industries (India) Ltd, based in Pondicherry, converts waste human hair into protein-rich amino acids. Even more surprising is the use to which this derived product is put: as an additive in the pharmaceutical, biochemical and even food industries.

Before you screw up your nose at this revelation, the mild-mannered executive director of Protchem quickly explains that human hair is one of the richest sources of protein, indeed 95 per cent of it is protein rich.

Protein from tresses

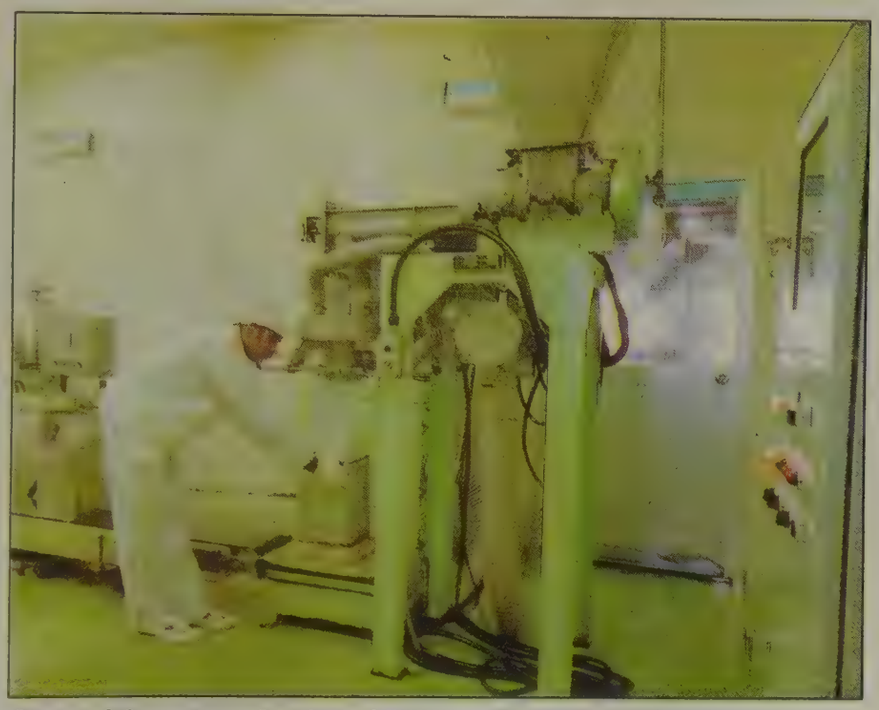
n India long luxurious tresses are not nly a symbol of beauty, they are linked to he country's cultural heritage. Hair that s offered at pilgrim centres is supplied to he flourishing wig industries of Korea and Taiwan. ndia also exports hair to apan, which has been aking amino acids from uman hair for more than vo decades. And so, even ough it is difficult to view rotein isolated from hair s a component of food, the romoters of Protchem ere inspired, in their uest for growth, to opt for is proven technology.

The promoters — T. anoharan, T.K. Mohan, K. Ravichandran and S. ndivel — tied up with the apanese company, Union rothers Industries Inc, ngaged in the manufacre of food additives and odstuffs. The Indian venre was to be the sixth in e world to manufacture amino acids om human hair. The closely held techlogy was being used in three units in pan, one in West Germany and one in iwan till then.

Set up in Abhishekapakkam in Pondicherry, Protchem was incorporated as a ivate limited company in 1987, with a tal project cost of Rs.15 crore. The fincial institutions IDBI, IFCI and ICICI tended term loans of about Rs.8 crore.

The plant uses an average of five tonnes of human hair per day, which results in 300 kg of amino acid powder. The venture, according to Manoharan, provides indirect employment to 5,000 people, mainly rag pickers and otherwise unemployed youth, who visit barbers in small towns and villages to collect cut hair. The raw material has no "fixed" value and its export potential has pushed its pricing by 100 per cent in the last few years, from a mere Rs.3 to Rs.6 per kg. Other raw materials include hydrochloric acid, soda ash, caustic soda, active clay, and activated carbon.

Protchem acquired 22 acres of land in Pondicherry for this modern plant, taking advantage of the concessions available in a backward area (they have a similar smaller unit at Salem). As a 100 per cent export-oriented scheme, benefits included exemption from customs duty on import of capital goods, raw materials and components; exemption of central excise duty on indigenous materials and exemption from excise and other central levies on finished goods.



State-of-the-art production plant uses Japanese technology

Products are customised

There are 20 kinds of amino acids, and extensive research in the West has established specific amino acid needs that protein-deficient people may have. Protchem manufactures protein hydrolysates, which possess savoury flavours that blend themselves into a variety of food preparations. Catering to individual tastes and requirements, these are available as spray dried powders with a salt content ranging from 18 to 46 per cent and as hydrolysed protein liquid and pastes with a salt content ranging from 18 to 35 per cent.

The percentage of amino acid powder used varies according to the product — 0.7 to 1.5 per cent for powder soups for instant noodles, 1.5 to 2 per cent for liquid soups for noodles, and 3 to 5 per cent for Japanese and Chinese-style soup stocks. Protein-based amino acids are also used in the baking industry in "doughing". Besides, Protchem manufactures L-cystine and L-tyrosine for the pharmaceutical industry.

Production at Pondicherry began in 1990. So far, products worth Rs.1.8 crore have been exported. They are hopeful of reaching a target of Rs.2 crore this year and have set a figure of Rs.5 crore for the next few years. The exports are mainly to Japan and Europe. Protchem's Japanese collaborator has agreed to buy back the entire output for a period of eight years from the date of commencement of production. Meanwhile, Protchem is confident that the international demand for amino acids will outstrip supply; already amino acid supplies have been affected with the ban on the killing of whales, earlier an important source of the commodity. Moreover, an increasing awareness of nutritional requirements has influenced the local market as well.

Manoharan is simultaneously considering other avenues for diversification but he is still plagued by certain basic problems. He has not succeeded, despite being a green card holder, in getting a telephone connection. "In today's export market, the international customer wants a response instantly on a fax," he sighs. But far from tearing his own hair in frustration, Manoharan is optimistic. He knows by now that for an Indian entrepreneur, diligence is the mother of good luck. ■

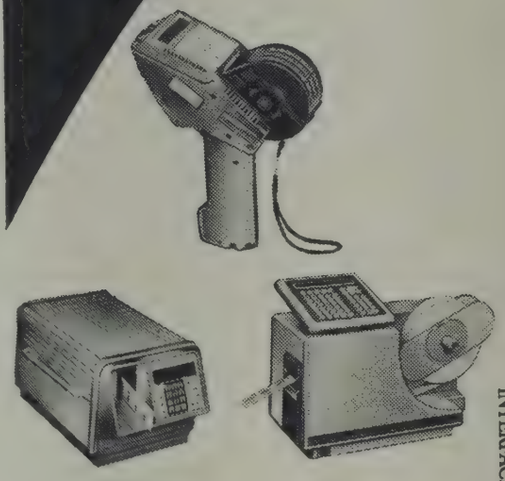
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INTERFACE/GEI/19/91

COROMANDEL FERTILISERS LIMITED

Regd. Office: Coromandel House 1-2-10 Sardar Patel Road Secunderabad 500 003 Andhra Pradesh.

Unaudited Financial Results (estimated) of the Company for the six months ended March 31, 1991.

(Rs. lacs)

Description	Six months ended		12 months ended
	March 31, 1991	March 31, 1990	Sept 30, 1990
Net Sales Income	12934	13642	28090
Other Income	55	55	127
Material Costs	6278	5831	11101
Wages	580	642	1181
Interest	537	1025	2026
Gross Profit before Depreciation & Tax	**1242**	**1012**	**2309**
Depreciation	328	643	1259
Profit from Operations	914	369	1050
Profit on sale of Cement Undertaking	3596	—	—
Profit before Tax	**4510**	**369**	**1050**
Provision for Taxation	1100	—	—
Profit after Tax	**3410**	**369**	**1050**

The sale and transfer of the Cement Undertaking was effected on November 29, 1990. Accordingly, the results reflect the effect of the sale.

sea Brown Boveri

vidend up 2 points; tax liability shoots ; reduces borrowings by disposing off vestment in tax-free public sector nds; 1991 projected as a difficult year th a lower order book position

ea Brown Boveri (earlier Hindustan own Boveri) has stepped up dividend two points to 27 per cent following im-oved profitability for the year ended 31 cember 1990. The year 1990 was the st full year of working after amalgama-n of the erstwhile Asea Ltd with the mpany.

Total income during the year recorded nodest growth of 10.2 per cent on an nualised basis at Rs.227.10 crore ainst Rs.154.58 crore in the previous ne-months period ended 31 December 89. With higher operating margins of 9 per cent (9.3 per cent), operating ofit improved by 41.5 per cent (annu-sed) to Rs.26.97 crore (Rs.14.30 re). Gross profit increased by 68.5 per nt and pre-tax profit by 88 per cent. x liability was substantially higher at 5.50 crore (Rs.1.55 crore), an increase 166 per cent on an annualised basis. e increase was on account of an in-ase in surcharge on income tax; with-wal of the investment deposit scheme d reduction of the depreciation allow-e to 75 per cent of the eligible amount. spite this, bottomline more than dou-

sea Brown Boveri			(Rs crore)
r ended	31 Dec '90	31 Dec '89*	% change**
es and services	219.75	148.54	11
er income	7.35	6.04	−9
v material costs	144.67	102.85	5
ployee costs	22.12	14.14	17
er expenses	33.41	23.57	6
erest	10.14	6.81	12
preciation	2.59	1.81	7
	5.50	1.55	166
profit	8.74	4.13	59
ity capital	9.86	9.86	
erves & surplus	45.61	40.56	
rowings	63.41	74.02	
ss block	55.39	52.31	
current assets	80.91	81.80	
idend (%)	27.00	25.00	
ket price (Rs):			
urrent	127.50		
990: High	170.00		
Low	62.00		

*months ** annualised basis*

bled to Rs.8.74 crore.

During the year under review, work on the prestigious cycle power plant of the National Thermal Power Corporation at Rajasthan was completed. Another project under implementation and also making good progress is the electrical distribution package for the modernisation of the Durgapur steel plant. Sales of switchgear was constant (on annualised basis) at 30,595 switchgears against 23,147 in the previous nine-month period. However, realisation per switchgear improved by 12 per cent to Rs.24,210 (Rs21,463).

Borrowings were reduced by Rs.10.61 crore to Rs.63.41 crore. Debt-equity ratio therefore improved to 1.14 times (1.47 times) and additions to gross block amounted to Rs.3.08 crore. To generate the required funds, the company disposed off its investments in 9 per cent tax-free public sector bonds valued at Rs.5.51 crore. With a payout ratio of 30 per cent, the company ploughed back Rs.6.86 crore.

The order book position at the end of the year was Rs.230.6 crore against Rs.280 crore in the previous year. The company expects 1991 to be a difficult year for both the company as well as the engineering industry in respect of the political uncertainty. No wonder, the scrip has failed to notice the improved working during 1990. It has fallen to Rs.127.50 from Rs.140 when the results were out. However, with bright long-term prospects and a healthy book value of Rs.56, the scrip can be accumulated at declines.

Tata Oil Mills

Lower tax liability and higher income from other sources improves bottomline; exports nosedive by 71 per cent; tax liability of Rs.0.96 crore in respect of earlier years written back; diversification through various new companies under implementation

Tata Oil Mills (Tomco) has maintained 20 per cent dividend for the year ended 31 March 1991. The company had reported 48 per cent growth in net profit during the first half of 1990-91 over the corresponding six months of 1989-90.

However, during the second half of the year under review, net profit was down by 12 per cent over the corresponding second half of 1989-90. This was on account of higher prices of edible and non-edible

Tata Oil Mills			(Rs crore)
Year ended	31 Mar '90	31 Mar '89	% change
Net sales and services	351.97	311.16	13.1
Other income	4.42	2.34	89
Excise duty	30.83	26.00	18
Cost of goods sold/ consumed	236.27	205.47	15
Employee costs	31.82	27.77	14
Other expenses	65.63	58.73	12
Interest	12.91	10.97	18
Depreciation	3.18	3.19	
Tax	0.90	2.0	−55
Net profit	5.65	5.36	5
Equity capital	9.73	8.11	
Reserves & surplus	26.16	24.21	
Borrowings	117.33	82.35	
Net block	34.70	30.00	
Investments	16.01	3.23	
Dividend (%)	20.00	20.00*	
Market price (Rs):			
Current	71.00		
1990: High	380.00**		
Low	52.00		

** Dividend during 1989-90 was Rs.5 per share of Rs.25 each ** Face value Rs.25.*

oils, the key inputs. Raw materials cost as percentage of sales escalated by 10 points from 62.2 per cent in the first half to 72.4 per cent during the second half of the year under review.

During the year, Tomco's Madras factory was modernised to broadbase the product mix. Supplies of fatty acid from the new Aurangabad plant to other factories started during the year. The company successfully launched, in the southern parts of the country, a neem-based bath soap, Javan. It has also entered the toothpaste market with the launch of Effermint toothpaste in Maharashtra. The company sold 264 tonnes of toothpaste and generated sales of Rs.2.05 crore.

In a competitive market environment, the company's marketing strategy seems to concentrate on achieving higher volumes with lower margins. Sales of detergents recorded a growth of 37 per cent. Exports (mainly to the USSR) suffered a severe setback on account of the Gulf crisis and various problems in the USSR. Exports nosedived by 71 per cent from Rs.28.72 crore to Rs.8.22 crore.

Net profit went up marginally mainly on account of reduced tax liability (by 55 per cent) and higher income from other sources (by 89 per cent). Gross profit during the year under review declined by

8 per cent to Rs.9.73 crore (Rs.10.55 crore). Tax liability was lower as the company wrote back Rs.0.96 crore in respect of tax liability of earlier years. But for this write back, net profit would have been lower by 12.5 per cent.

The company is diversifying by promoting new companies and joint ventures. It has set up Tata Aquatic Farms Orissa Ltd for prawn culture. This 100 per cent EOU has been jointly promoted along with Tisco and the Orissa government. Another 100 per cent EOU, Tata Ceramics Kerala Ltd, has been set up to manufacture bone-china mixed tableware.

Tomco also proposes to diversify into the manufacture of titanium dioxide, an ingredient for the paints industry. A joint venture will be set up in collaboration with an American company to manufacture public and institutional hygiene and other household cleansing products. Tomco will be investing Rs.1.85 crore in Kalyani Soap Industries Ltd, a joint venture with West Bengal Industrial Development Corporation to set up a soap and toiletries factory at Kalyani near Calcutta.

The aggregate of investments to be made in these new projects worked out to Rs.16.48 crore. To finance this and meet long-term working capital requirements, the company issued partly convertible debentures on rights basis aggregating about Rs.45 crore. On part conversion of these debentures, the company's reserves position will improve further.

Oil Country Tubular

Delay in project implementation; 35 per cent rise in project cost; maiden performance results in cash loss of Rs.4.44 crore; borrowings shoot up to Rs.89 crore; rights issue likely

Oil Country Tubular is engaged in the manufacture of casing pipes, drill pipes and production tubing. These products collectively referred to as tubular goods are import substitutes and used by ONGC for oil exploration. The rosy projections made earlier have failed to materialise due to delay in implementation of the project and an over 35 per cent escalation in project cost.

The original project cost of Rs.69 crore has increased to Rs.93.28 crore due to adverse foreign exchange fluctuations, higher investments in land and building;

Oil Country Tubular	(Rs crore)
Year ended	31 Dec '90 (15 months)
Gross sales	30.11
Other income	2.63
Raw material costs	21.48
Employee costs	0.85
Other expenses	4.46
Interest	10.38
Depreciation	3.08
Net loss	7.52
Equity capital	24.50
Reserves & surplus	0.15
Borrowings	89.03
Gross block	86.09
Net current assets	21.39
Market price (Rs):	
Current	19.50
1990: High	40.00
Low	16.00

Note: Previous year's figures not available as commercial production started in October 1989

higher working capital margins and also due to delay in project implementation. The drill pipes project was to commence in February 1989 but its implementation was delayed by eight months. Implementation of production of the tubing and casing pipes project was delayed by about a year-and-a-half.

The 15-month period ending 31 December 1990 was the first full year of the commercial working. It achieved a total income of Rs.32.73 crore (including export incentives of Rs.2.43 crore). However, the working has resulted in a cash loss of Rs.4.44 crore and a net loss of Rs.7.52 crore. The company imports its entire raw material requirements (mainly green seamless pipes). As the company's products are deemed exports, its imports are duty free. With the RBI putting restrictions on imports, the company's working is likely to be severely affected in the current year.

The 15-month working period has resulted in low capacity utilisation and a higher interest burden. The capacity utilisation of drill pipes and production tubing on an annualised basis was 55 and 2 per cent respectively. The capacity utilisation of casing pipes on an annualised basis was 56 per cent with a production of 17,451 tonnes and sales of 15,850 tonnes. The escalation in project cost has resulted in borrowings, increasing from Rs.46 crore (as stated in the prospectus) to Rs.89 crore. The project was originally proposed to be financed by a debt-equity ratio of 2:1. The debt-equity ratio as on 31 December 1990 stands at 3.6 times. The company will have to make a rights issue to reduce borrowings and to check rising interest costs.

The scrip, currently at Rs.19.50, is close to its 1990 low of Rs.16. With prospects not so encouraging in the short run, investment at the current rate may not yield attractive returns.

Stepan Chemicals

Over threefold increase in sales; higher overheads; lower income from other sources and higher tax liability keep margins under pressure; shares listed at various stock exchanges

Stepan Chemicals, a subsidiary of Hindustan Lever, has reported an over threefold increase in its turnover on an annualised basis from Rs.16.79 crore during the 9-month period ended 31 December 1989 to Rs.93.97 during the year ended 31 December 1990. However, margins came under severe pressure due to reduced income from other sources, higher overheads and increased tax liability.

Annualised total income during 1990 shot up by 246 per cent to Rs.97.71 crore,

Stepan Chemicals			(Rs crore)
Year ended	31 Dec '90	31 Dec '89*	% change**
Net sales	81.97	14.81	315
Other income	3.74	4.40	−36
Excise duty	12.0	1.98	354
Raw materials & finished goods consumed	64.56	14.28	239
Employee costs	0.90	1.20	−44
Other expenses	13.50	3.31	206
Packing materials consumed	3.73	0.58	382
Interest	0.30	0.15	50
Depreciation	0.78	0.51	15
Tax	1.19	0.47	90
Net profit	0.89	0.64	4
Equity capital	2.99	2.99	
Reserves & surplus	1.30	1.30	
Borrowings	0.53	1.12	
Gross block	11.05	10.89	
Dividend (%)	15.00	12.00	
Market price (Rs):			
Current	135.00		

** 9 months ** annualised basis*

gainst Rs.21.19 crore in the 9-months nded 31 December 1989. Operating marins declined from 8.35 to 3.23 per cent. s a result, operating profit increased by 4 per cent to Rs.3.16 crore (Rs.1.77 rore). While gross profit went up by 32.4 er cent, net profit improved by a mere .3 per cent. Net margins declined from 3 o 0.91 per cent with tax ratio higher at 7.2 per cent (42.3 per cent). The tax liaility increased by 90 per cent on an anualised basis.

Early in the year under review, the ompany, with the assistance of its holdng company, launched Wheel detergent ar. The brand was later relaunched as uper Wheel Bar during the last quarter f 1990. The company's soaps and deterents plant at Rajpura continues to be on ease with the holding company. However, ue to labour problems for about two nonths, production at the factory was afected. Consequently, processing charges f Rs.3.41 crore (Rs.4.33 crore) received rom the holding company was lower by 1 per cent on an annualised basis.

During the year, the company changed ne basis of calculating gratuity liability rom actuarial to arithmetical basis. As a esult, there was no gratuity liability durng the year, against Rs.31 lakh during 989. Profitability during the year was afcted due to higher provision for doubtul debts at Rs.34 lakh (Rs.2 lakh); dvertisement expenses at Rs.1.85 crore nil); and processing charges of Rs.2.25 rore (Rs.44 lakh).

During 1990, disinvestment by the tma group of its holding in the company as completed. Shareholders of Hinustan Lever were offered equity shares by drawing lots) of the company. The ompany's shares have now been listed at arious stock exchanges and are quoted 13 times its face value.

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PROFILE



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TRENDS

Murudeshwar Ceramics

urudeshwar Ceramics Ltd (MCL) has otched a 44 per cent increased turnover r the year ended March 1991. With its t profit up 76 per cent to Rs.3.31 crore, e EPS works out to Rs.6.60 on the exnded equity base of Rs.5.02 crore. Hower, the company has not provided for x as against Rs.36 lakh last year when its profit before tax was placed at Rs.2.25 crore.

During the year, the company has introduced special marble series, Italian granite series, Ripple series and Shrinagar series of tiles in its manufacturing range. About 20,000 sq metres of tiles were also exported to the USSR. Meanwhile, the company has proposed a final dividend of 6 per cent which together with the earlier interim totals 16 per cent for the year 1990-91.

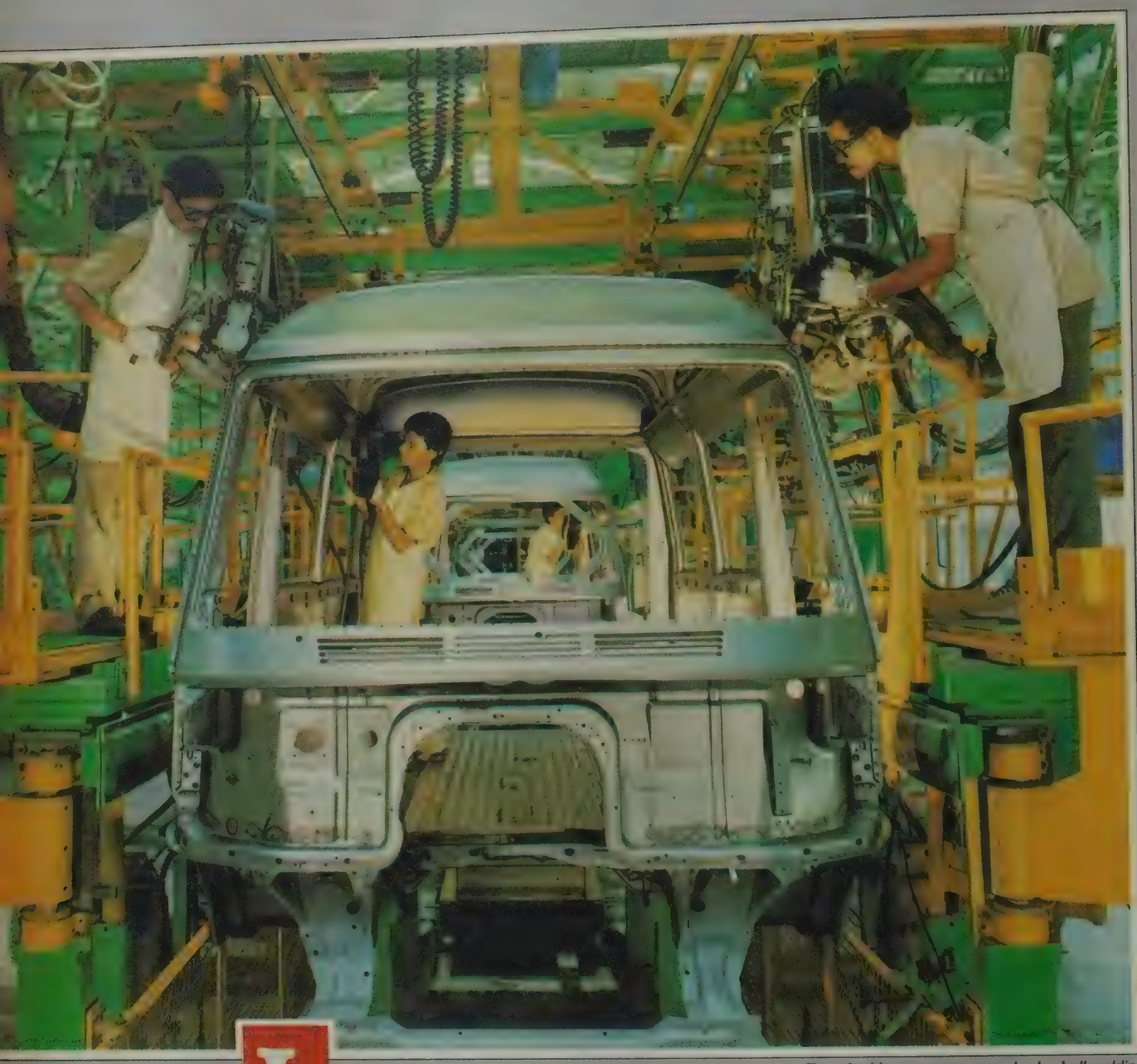
Murudeshwar Ceramics *(Rs crore)*

Year ended	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
Net sales	14.25	8.23	16.11
Other income	0.05	0.23	0.25
Raw material costs	2.16	1.05	2.16
Salaries and wages	0.22	0.14	0.33
Operating profit	5.04	3.35	5.19
Interest	1.38	0.69	1.37
Gross profit	3.66	2.66	3.82
Depreciation	1.48	0.84	1.57
Tax		0.23	0.36
Net profit	2.18	1.18	1.88
OP/sales (%)	35.37	40.70	32.21
RM/Sales (%)	15.16	12.76	13.41

Videocon Appliances

In the results announced for the six-months ending 31 March 1991, Videocon Appliances Ltd has reported a 74.68 per cent increase in net sales from Rs.29.78 crore in the corresponding period last year to Rs.52.02 crore. But there has been an increase in expenditure with both raw materials costs and salaries and wages showing sharp increases. Interest charges have also increased by 308 per cent.

As a result, gross profit has declined



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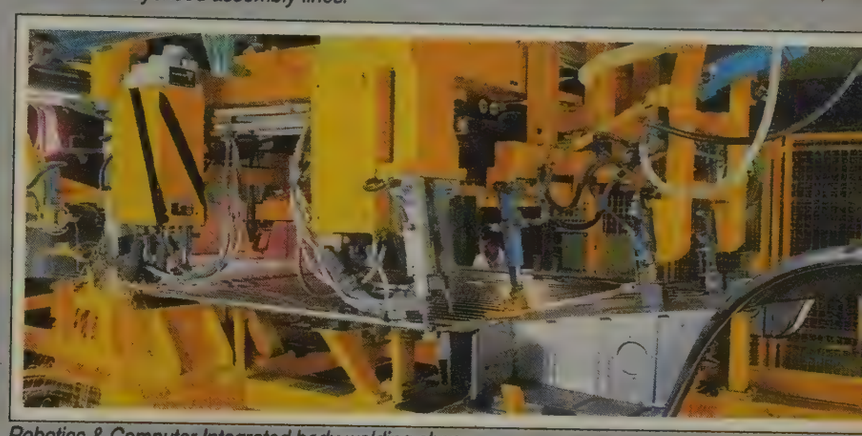
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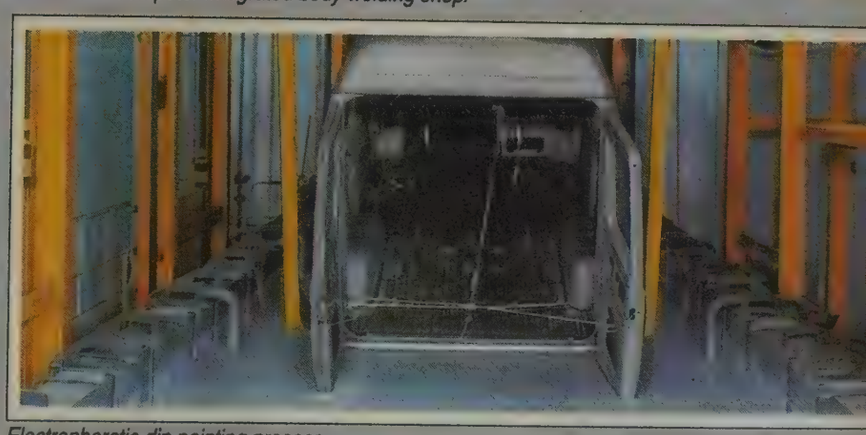
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Videocon Appliances			(Rs crore)
Year ended	Oct '90-Mar '91	Oct '89-Mar '90	Apr '89-Mar '90
Net sales	52.02	29.78	47.88
Other income	1.84		
Raw material costs	39.96	20.53	34.04
Salaries and wages	0.30	0.08	0.17
Operating profit	9.61	7.56	11.23
Interest	2.90	0.71	0.74
Gross profit	6.71	6.85	10.49
Depreciation	1.55	4.50	5.08
Tax		0.04	1.00
Net profit	5.16	1.95	4.41
OP/Sales (%)	18.47	25.39	23.45
RM/Sales (%)	76.82	68.94	71.09

slightly from Rs.6.85 crore to Rs.6.71 crore. Net profits however have increased 164.6 per cent from Rs.1.95 crore to Rs.5.16 crore. This is because depreciation declined significantly from Rs.4.5 crore to Rs.1.55 crore and also no provision is made for taxation. Margins have declined considerably. Gross profit margins declined from 23.01 to 12.9 per cent while net profit margins from 9.92 to 6.5 per cent.

Rossel India

Rossel India which was formerly known as Jokai India has declared very good results for the six-months ending March 1991. Net profits have increased more than five times from Rs.0.23 crore in the corresponding period last year to Rs.5.48 crore. Gross profits have increased from Rs.1.92 crore to Rs.10.18 crore.

According to the company, raw materials consumed cannot be ascertained as the production of green leaf from the company's own gardens involves an integrated process having various stages.

Rossel India			(Rs crore)
Year ended	Oct '90-Mar '91	Oct '89-Mar '90	Apr '90-Mar '91
Net sales	34.25	20.66	52.48
Other income	0.91	0.42	1.20
Salaries and wages	5.76	5.39	12.13
Operating profit	10.21	1.99	21.04
Interest	0.03	0.07	0.07
Gross profit	10.18	1.92	20.97
Depreciation	0.70	0.62	1.43
Tax	4.00	1.07	9.38
Net profit	5.48	0.23	10.16
OP/sales (%)	29.81	9.63	40.09

Sales has increased by 65.78 per cent to Rs.20.66 crore from 34.25 crore in the corresponding period last year. Also margins have improved significantly. With gross profit margins up from 9.2 to 29.72 per cent net margins increased 1.11 to 16 per cent.

RESULTS ANNOUNCED

Ashok Leyland

Sales, up 34 per cent, yields a gross profit margin of 7.1 per cent (6.2 per cent) for this heavy commercial vehicle manufacturer

For the year ended March 1991, the company earned a gross profit of Rs.65.64 crore (Rs.42.67 crore annualised) on a sales of Rs.922.90 crore (Rs.689.23 crore annualised). EPS edges closer to face value at Rs.8.38 (Rs.5.90 annualised) and the market price at Rs.148 (14 June 1991), discounts these earnings 17.7 times.

Baroda Rayon

Abysmal performance for the year ended March 1991 with a marginal decline in sales but crash in profit margins and the bottomline

Excise duty hike on polyester yarn and viscose filament yarn, two major contributors to Baroda Rayon's turnover, take their toll on performance. With sales at Rs.203.82 crore (down by 1 per cent), gross profit margin slumped to 7.6 per cent (19 per cent). The bottomline fell by 86 per cent to Rs.3.32 crore (Rs.23.82 crore). On ex-bonus equity of Rs.26.96 crore, the company earned Rs.12.31 per share (Rs.132.55), well below its par value of Rs.100. The scrip quotes at Rs.485 discounting these earnings 39 times.

Tamilnadu Petroproducts

Good results for the year ended March 1991 from this joint sector manufacturer of linear alkyl benzene, a detergent base

Net sales up 22 per cent at Rs.199.89 crore gives a gross profit margin of 23.5 per cent (21 per cent). The bottomline is up 72 per cent to Rs.20.33 crore. On a heavy equity base of Rs.48.75 crore, the company earned Rs.4.17 per share (Rs.2.42 annualised) and will distribute Rs.1.50 per share as dividend (Rs.1.20 annualised). Payout, in line with a better bottomline eased to 36 per cent (49 per cent). The scrip quotes at Rs.54 discounting these earnings nearly 13 times.

IN BRIEF

Ganesh Benzoplast has received approval for the manufacture of 8,000 tpa of phenol through the benzonic acid route. The company also plans to manufacture maleic anhydride based on plasticisers.

TPI India, which went public in April 1991, has undertaken capacity expansion of its plastic protective media plant and is diversifying into the manufacture of jumbo containers for which it has entered into technical collaboration with Bulk Lift International of the US.

Tainwala Chemicals & Plastics intends to install injection moulding lines to manufacture plastic articles, for which it has export orders worth Rs. 1 crore. The company has also started manufacturing import substitute plastic sheets.

The Lucknow-based electronic firm, **Uptron**, has tied up with Contech. Under the tie-up Uptron will market Contech systems exclusively in the northern, eastern and central parts of the country.

Indian Organic's joint sector project for the manufacture of acetic acid commenced production recently. The project with a capacity to manufacture 4,500 tpa has been set up in collaboration with the Punjab State Industrial Development Corporation.

BPL Sanyo Technologies started commercial production at its EOU near Bangalore at the end of 1990. It has so far exported 52,300 radio cassette recorders. For the year ended March 1991, the company recorded a turnover of Rs.30 crore, of which exports accounted for Rs. 2 crore.

Deccan Cements produced 152,300 tonnes of cement for the year ended March 1991, reflecting a capacity utilisation of 123 per cent. However, due to the delay in securing additional power and coal linkage, the modernisation-cum expansion programme of the company has yet to be completed.

Gulshan Sugars & Chemicals

Incorporated in May 1980, Gulshan Sugars & Chemicals Ltd (GSCL) is presently engaged in the manufacture of activated and precipitated calcium carbonate, with an installed capacity of 22,500 tonnes per annum.

GSCL procures its major raw materials like limestone from Dehradun, Mussourie, etc and stearic acid from dealers in Delhi.

The company's products find use in cosmetics, pharmaceuticals, PVC wires and cables, paints and varnish, etc. GSCL has established buyers like Colgate, Ponds India, Sandoz and Asian paints amongst others.

According to managing director C.K. Jain, the new programme will generate eight million units of power without any fuel costs. "At full utilisation we will save Rs.1.2 crore," he stated. At present capacity utilisation, GSCL will use 4 to 4.5 million units of power and sell the balance to its sister company. Jain also said that GSCL is the first company in the industry to implement such a programme.

For the year ended March 1991, GSCL achieved a turnover of Rs.9.73 crore, an increase of 53 per cent over its previous years figure of Rs.6.37 crore. Gross profit this year has moved upto Rs.1.52 crore from Rs.1.02 crore. It has also declared a dividend of 18 per cent.

Gulshan Sugars & Chemicals	
Issue opens	: 2 July 1991
Size of the issue	: Rs.1.75 crore
To Indian public	: Rs.1.12 crore
Instrument	: Equity shares of Rs.10 each
Promoter	: Lala Gulshan Rai Jain
Project	: Modernisation cum energy conservation programme
Cost of project	: Rs.4.17 crore
Plant location	: Muzaffarnagar, Uttar Pradesh
Listing	: Bombay, Delhi, Ahmedabad and Kanpur

Integrated Finance

The Madras-based Integrated Finance Company Ltd (IFCL), engaged in the hire purchase and leasing business, recently diversified into venture capital funding and factoring services. IFCL's managing director George Kuruvilla expects to strengthen the main business.

For the year ended May 1990, total income at Rs.4.81 crore showed a rise of 19.5 per cent over the previous year. Gross profit and net profit also rose by 29 and 35 per cent, respectively. EPS on an equity capital of Rs.1.97 crore worked out to Rs.4.15 for May 1990. Dividend at 20 per cent was five per cent higher.

Integrated Finance	
Duration	: 3 June to 3 July 1991
Size of the issue	: Rs.2.06 crore
Instrument	: Equity shares of Rs.10 each at par in the ratio of 1:1
Purpose	: Working capital requirements
Listing	: Bombay and Madras

INDIAN INSTITUTE OF MANAGEMENT CALCUTTA
MANAGEMENT DEVELOPMENT PROGRAMMES

STRATEGIC PLANNING AND HUMAN RESOURCE MANAGEMENT, August 16-19, 1991 at Hotel Clarks, Varanasi

This MDP is designed to provide concepts to supplement discussion of the Indian experience with focus on :
● Linkages between Strategic Planning and Human Resource effectiveness. ● Identification of issues and concerns about employee numbers, work-ethos, employee costs, operational, tactical and strategic flexibility, employee relations in union and non-union contexts, and HRD. ● Alternative decision-making frameworks in a range of contexts such as growth diversification, adversity, technological change, restructuring etc. ● Dimensions of vulnerabilities, internal and external to the organisation. ● Experience of organisations in India in private and public sector.

The programme aims at drawing members from diverse work settings : managers, administrators and professionals in commerce trade or industry, Government Service, trade unions, and other organisations that contribute by providing goods and/or services to satisfy human wants. The last date for receipt of enrolment forms with Cheques/Drafts in favour of "Indian Institute of Management Calcutta" is July 15, 1991. Places on this programme are limited to 25.

Registration Fee :- This is a residential programme and registration fee includes the cost of single room accommodation at the hotel and breakfast, lunch, dinner, morning and afternoon tea/coffee besides covering cost of course materials and other facilities. Travel costs are to be borne by the sponsors. The registration fee is Rs. 7500/- per participant.

Programme Director : Prof. Ajeet N. Mathur

AUTHORITY, ORGANISATION AND LEADERSHIP : MANAGEMENT OF SELF IN ROLE, August 22-29, 1991, at Hotel Clarks, Varanasi

This MDP is called a Working Conference because it is designed to provide participants the opportunity to develop unique insights on the processes of use of authority, of giving and taking of authority, of providing leadership and for exploring assumptions that constrain organisations. The programme is largely experiential with sessions for transferring insights developed to "back home" situations. The programme aims at drawing members from diverse roles.

Registration fee :- This is a residential programme and registration fee includes the cost of single room accommodation at the hotel and breakfast, lunch, dinner, morning and afternoon tea/coffee besides covering cost of course materials and other facilities. Travel costs are to be borne by the sponsors. The registration fee is Rs. 12,000/-.

The last date for receipt of enrolment forms with Cheques/Drafts in favour of "Indian Institute of Management Calcutta" is July 29, 1991.

Programme Director : Prof. Ajeet N. Mathur

Correspond for enrolment with : Prof. Ajeet N. Mathur

Indian Institute of Management Calcutta
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Cable : INMANAC

STOCKMARKET REVIEW

Obstinate markets

(For the fortnight ended 14 June 1991)

	14 June	31 May	percent change over fortnight	year
BSE Sensitive Index	1292.81	1307.34	−1.1	+65.1
BSE National Index	636.44	649.69	−0.9	+51.5
Vol (Rs.cr) fortnt. ended	124.05	129.09	−4.0	+5.6

The markets, spurred by mutual fund purchases, stubbornly continued to believe in a better tomorrow that was worth reflecting in today's prices. Consequently, prices remained largely unchanged over the fortnight. As the news of the Congress(I)'s better than expected performance came in late, the market spurted further in kerb and still more in early trading in the new fortnight. As broker Y.C.Pande puts it, "Another election is out of the question; only the Congress can come to power."

This widely held view among the financial services community will sorely be tested by reality very soon. Nevertheless, the election results confirmed that the people's desire for social peace and civic order is what the market also wants.

Volatile scrips. Bombay Dyeing and Reliance emerged as the most volatile scrips of the fortnight, the latter for obvious election-related reasons. Bombay Dyeing was actively traded as rumours of Sharad Pawar's expected bid for prime ministership (Pawar is reportedly close to Dyeing's Wadia) gained currency. Reliance recovered from the fortnight's low of Rs.132.50 to close at Rs.143.50; Bombay Dyeing similarly recovered from Rs.203.75 to Rs.210. The effect of forthcoming corporate results (due by month end in both cases) on these prices will be worth watching. Bombay Dyeing is expected to perform well and declare per share earnings of Rs.16.9 for 1990-91 compared with Rs.9.80 (adjusted for bonus) in the previous year. Reliance, on the other hand, ought to have been heavily affected by trends in the yarn industry that have trashed the results of ICI, Enka and Baroda Rayon already this year. It is expected to declare per share earnings of Rs.7.20 compared with Rs.6 last year. This makes its current price-earnings multiple relatively high at nearly 20 based on 1990-91 earnings compared with Bombay Dyeing's 12.4. As a merchant banker explained, "The issue's the thing. Reliance's Rs.900-crore issue expected in September is the most eagerly awaited issue in stockmarkets this year."

Great Eastern Shipping was also eagerly sought in the market. The scrip gained strongly over the fortnight, closing at Rs.52, up from Rs.43 (+21 per cent). A recommendation in Portfolio Talk (*Business India*, 27 May) a positive interview in a financial daily, and rumoured large purchases by broker Harshad Mehta were attributed by brokers to be the reasons of the change.

Other shares in demand included Wartsila Diesel which rose from Rs.84 to Rs.97. Mastershares declared at 1 for 2 bonus during the fortnight. A bonus ought not to have any effect on the functioning of a mutual fund because its net asset value is the only relevant figure. Since Mastershares is not traded by insiders there is also no other reason for unusual price jumps. Accordingly, the scrip fell over the fortnight from Rs.35.75 to Rs.34.50 in line with the market.

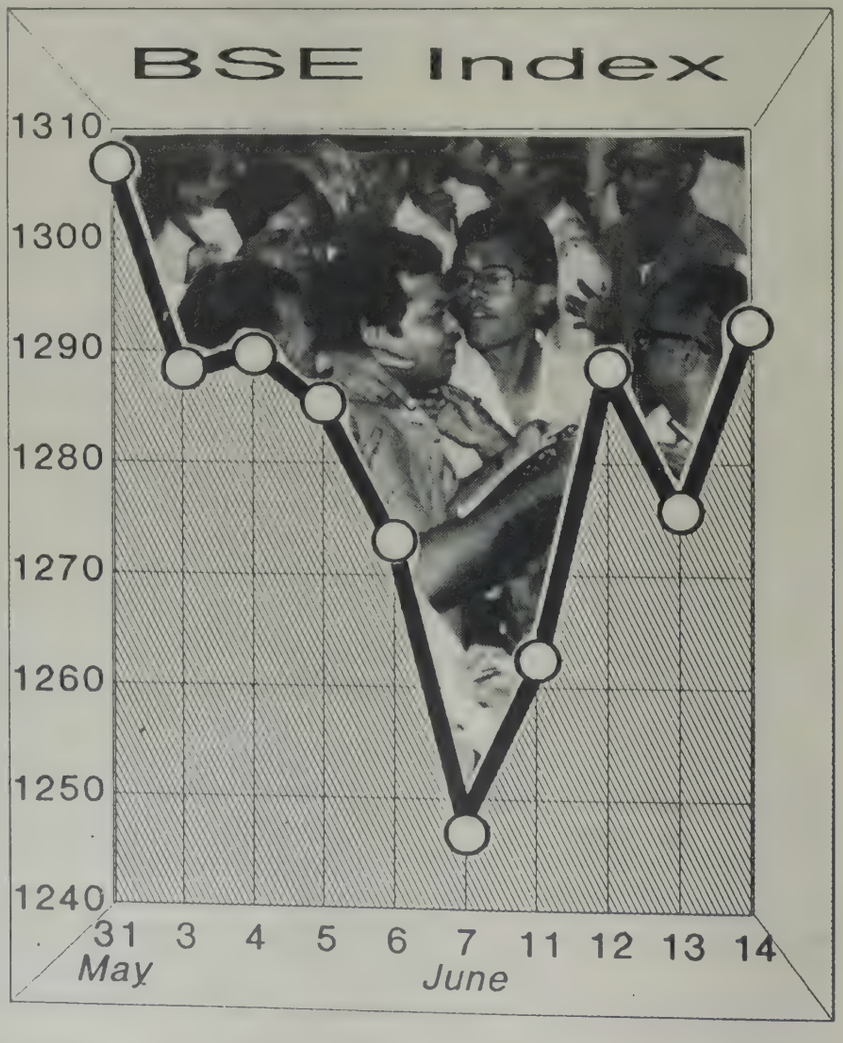
Tea shares could revive

Company	Price on 31 May 90	Price on 14 June 91	Price a year ago 14 June 90
Assam Co.	145.00	135.00	120.00
Assam Fron.	252.50	265.00	218.75
McLeod Russ.	127.50	123.75	89.00
Tata Tea	330.00	330.00	206.00
Tea Estates	162.50	160.00	100.00

A message. The "downers" included performance reports on dozens of shares whose message the market ought to perhaps listen more closely to. These included such large companies as J.K.Synthetics which lost Rs.45 crore compared with the previous year's net of Rs.7 crore and poorer results from Nocil and Polyolefins. J.K.Synthetics closed the fortnight at Rs.32.25, down by Rs.1.75, Nocil closed at Rs.1,160, down by Rs.135 and Polyolefins closed at Rs.1,150, down by Rs.75. Car leases were also reportedly down for Premier Auto; this has affected the share prices of automobile companies. Premier Auto closed the fortnight at Rs.48, down by Rs.4 and Hindustan Motor closed at Rs.21.75, losing Rs.1.75.

The market's wait for a stable government has been both long and cheerful. A market-relevant choice of the likes of Sharad Pawar could well cheer it further — as long as it does not take too long. ■

RAFIQ DOSSANI



TCEI GUIDELINES

Adding a new dimension

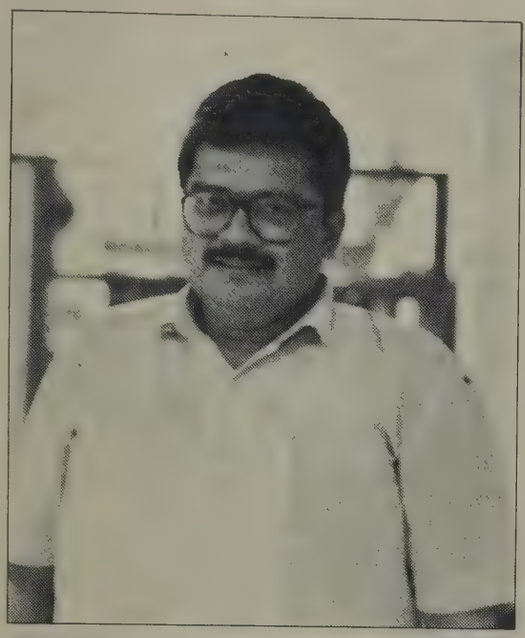
The Over The Counter Exchange of India (OTCEI) could contribute a new range to the existing market system. If and when, that is, it begins operations. As with any new concept, the OTCEI has had its share of starting problems, what with the government issuing its own guidelines periodically in response to modifications sought by the exchange.

The OTCEI was intended as a second tier exchange to the main stockmarkets, for smaller shares not listed on the regular exchanges. By providing institutional support for subscription and market-making for small shares, it was expected that the OTCEI would give small companies access to capital markets. Hence, it was promoted (with 25 institutional members) by institutions like the Industrial Credit and Investment Corporation of India, Industrial Development Bank of India and SBI Capital Markets.

Thorough scrutiny. To be listed on the OTCEI, a company needs a member who will sponsor it by buying the entire portion intended for public issue and then making a market in it on the exchange by quoting two-way buying and selling rates. This is designed both to ensure a thorough scrutiny of the company by the sponsor and provide a ready liquidity in the marketplace. The sponsor's profit would come from the difference in buying and selling rates and any capital gains from its holdings. While the sponsor needs to make a three-year commitment to market making, it needs to find another market-maker in case it wishes to divest the issue after three years.

The investing public would access the market only through approved dealers (75 of whom will be appointed by October) who would charge brokerage for their services. In order to ensure competitive rates, each scrip will have at least one more official market-maker while any member or dealer can also make markets with a minimum three-month commitment.

This mechanism, by avoiding a public issue, could save costs which could run to over 5 per cent of issue size. But, according to S.M. Parande, former executive director, SBI Capital Markets Ltd, "Direct issue to the public could also be a viable alternative, especially since issue costs



Ravimohan: "reduce minimum limits"

like advertising can be kept low."

As R. Ravimohan, OTCEI's chief executive points out, a unique feature about the OTCEI is that there is no trading ring. The transactions will be carried out through communication systems — telephones initially, and trading screens later. Eventually, the OTCEI will have an on-line computer trading system using software from CMC. There will be a central custodian who will function as a depository, making physical share transfers unnecessary. Settlement will be continuous with a span of seven days allowed for banking delays. Certain banks may also tie up with the OTCFI, making immediate settlement possible.

Government inflexible. One reason for the delays in OTCEI's establishment was that the exchange wanted the minimum capital base for listing-eligibility to be Rs.15 lakh. The government has, however, stuck to the Rs.30 lakh minimum, although the Rs.3 crore maximum has been allowed to be extended to Rs.10 crore thus allowing direct competition with the major stock exchanges in the Rs.3 to Rs.10 crore category.

The OTCEI unsuccessfully lobbied to bring the minimum public offering to 20 per cent in order to attract closely-held and control conscious companies. According to an ICICI source, this would have attracted companies like Godrej Soaps who have stayed away from the stock exchanges because of their requirement of a 40 per cent promoter maximum. However, the guidelines retain the 40 per cent rule for companies with capital bases over Rs.3 crore while allowing offerings to be restricted by a further 20 per cent, ie, to a maximum promoter ownership of 60 per cent for companies with lower capital bases. Says Ravimohan, "We have no objection to a common rule with other exchanges for companies with a capital base of more than Rs.3 crore; but it could be reduced where there is no overlap."

Another grey area arises in fixing share premia on listing. According to Ravimohan, the OTCEI would recommend the premium although the final decision rests with the CCI.

The OTC exchange could be a boon to the small investor because of easy accessibility and the relative liquidity promised by the market-makers. But the buy-sell spread in thin markets remains a question, and the present regulations might keep some private companies away.

The exchange is bound to have other teething troubles as well. Markets will initially be made by financial institutions that are inexperienced in this complex activity. Even today, the majority of New York Stock Exchange and New York's OTC market-makers are individuals or small firms. Also, the government has over-regulated the market. In particular, rules on promoter holding and premia determination could have been left to the sponsors' discretion as per international practice.

■ SARAH ABRAHAM

SEBI

Regulating prospectuses

The Securities and Exchange Board of India's (SEBI) latest salvo, in the cause of investor protection, is directed at merchant bankers. SEBI will now evaluate the performance of the merchant bankers on the basis of their clients' prospectuses. As per a new rule, 15 days prior to filing a prospectus for a public issue with the Controller of Capital Issues (CCI), the company will have to submit the prospectus to SEBI for scrutiny.

Says SEBI chairman, G.V. Ramakrishna, "According to the Companies Act, the prospectus should make a fair and complete disclosure of all facts. But the Act does not specify what is fair or more importantly, what is adequate disclosure." SEBI's role will be to monitor how well the spirit of the law regarding

disclosures of facts, risks as perceived by the management, characteristics of the company and its projects are spelt out in the prospectus.

Grading performance. SEBI's perception is that prospectuses are prepared with the guidance of merchant bankers, so in effect it will be their performance which will be graded.

On their part, merchant bankers appear to have accepted the new rule, though grudgingly. Says one banker, "It would have been better if SEBI was suitably equipped to deal with the grading."

Ramakrishna promises to publish SEBI's evaluation (in grades of A, B, C or D) at periodic intervals. However, the grading will not be for a single issue or a single merchant banker. It will be an evaluation of the aggregate performance of lead managers. Eventually, it will be the lead manager with the highest number of A grade issues who will be able to tout his services and attract more customers.

■ MANALI RESHAMWALA

MUTUAL FUNDS

More options

With nine mutual fund schemes in operation, the investor has several schemes to choose from. With mutual fund companies constantly launching new schemes — Bank of Baroda for instance — there will be more variety.

Fixed income schemes predominate, although growth schemes have given higher returns and offer better tax benefits. For instance, SBI Mutual Fund regularly floats its monthly income Magnum schemes, offering fixed monthly returns of 12-13.5 per cent per annum. Many growth schemes floated earlier, such as BOI Mutual Fund's BOI Double2 Plus will soon be listed. Since most are expected to quote at discounts to the underlying value per share (called net asset value), investors might do better to pick them from secondary markets rather than invest in new growth schemes.

■ MANALI RESHAMWALA

NEW ISSUES

Drought time

Since April this year, public issues have become scarce in the market, with only 20 companies coming out with new issues. During the first half of June, there was only one public issue — Mukesh Steels for Rs.3 crore.

Uncertainty over elections is perceived to be the main reason for the lull. Hemendra Kothari, president of the Bombay Stock Exchange, says, "It is a wait-and-watch phase. There is no cause for concern as this lack of interest in public issues is to be expected. And it's not so bad. All the public issues in the past two months received satisfactory responses. The market, it's hoped, will regain its bouyancy once the elections are over."

Once the new government takes over, by end-July, about 20 new public issues are likely to be offered to the public. The tight credit position will soon encourage a flood of issues, as companies scramble for cheaper equity.

The big ones. The most awaited issues will be from the big companies which plan to raise about Rs.4,000 crore by September. These include Reliance Industries whose Rs.900-crore issue has already been announced. Tata Steel's Rs.1,000-crore issue is less well known, says Manish V. Shah of M.C.Investments, so is a Rs.500-crore issue from Grasim Industries.

The bigger issues will probably be oversubscribed, especially because of the presence of share-hungry mutual funds. But marketing smaller issues may be a problem, especially if the secondary markets suffer due to falling corporate profits in the first half of the financial year, as is expected. According to a merchant banker, investors were greatly concerned about the effect of skyrocketing inflation and high interest rates on corporate performance. They wonder whether their own savings aren't better off in a bank or mutual fund deposit that returns about 14 per cent per annum.

Ongoing political stability also matters. Shah notes that the stockmarket has remained bouyant despite political problems and difficulties within the banking sector. "Once the new government settles in, the market confidence will be revived."

■ DEVENDRA TAK

Name of fund/scheme	Offer period	Minimum lock-in	Minimum investment Rs.	Type of scheme scheme/ return investor %	Price on Stock Exchange if listed Rs.
Indian Bank Mutual Fund					
1. Ind Moti	17-6-91 to 31-8-91	2 years	1,000	Growth/Annual dividend	Listing after March 1993
2. Ind Sagar	17-6-91 to 31-8-91	3 years	1,000	Capital gains scheme/income generation to be reinvested. Distribution of profits only on redemption in 2001 A.D.	Listing after September 1994
Unit Trust of India					
1. US 64	Open ended	—	—	Steady return/approx. 13% p.a.	—
2. Mastershare	—	—	—	Growth/35% p.a. to date	35
3. Mastergain	upto 30-6-91	3 years	—	Capital gains scheme	—
4. MISG 91	up to 30-6-91	3 years	Cumulative 1,000 monthly cheque 5,000	13 per cent p.a.	—
SBI Mutual Fund					
1. Magnum Monthly Income Scheme-II	up to 30-6-91	30 months	5,000	Monthly return/13% p.a. plus mid scheme bonus of 1% and end of scheme bonus 1%	—
Canbank Mutual Fund					
1. Canshare	—	—	1,000	Growth/55 per cent p.a. to date	18.25
2. Cangrowth	—	—	1,000	Growth/55 per cent p.a. to date	15.50
3. Candouble	—	—	1,000	Minimum 12 per cent p.a.	13

N.B.: Market price is as on 13.6.91.

Management can transform companies

Mahendra Doshi, *one of the partners of the stockbroking firm L.K. Pandey, talks to Business India's Rafiq Dossani and Alka Mukundan on portfolio composition*

The critical element determining the current course of markets is, in fact, the outcome of elections. The market has already discounted a hung parliament. In other words, while a hung parliament would have had no adverse impact on market prices, anything different is good news. If any single party (either the Congress or the BJP) had gotten a majority, the BSE sensitive index would have gained 100 to 150 points immediately.

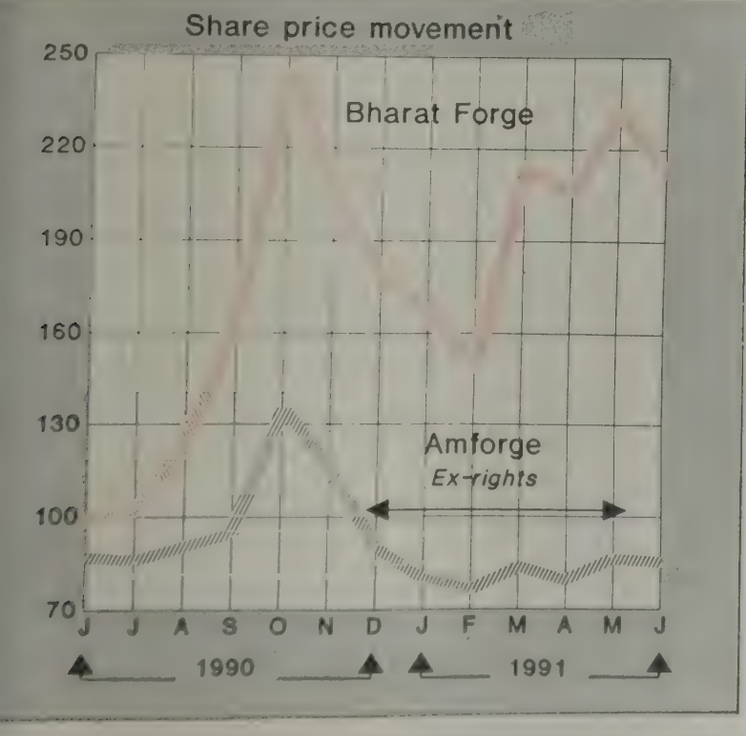
As it is, the Congress is certainly large enough to form a government and will soon do so; but for the index to rise substantially, an easing of the foreign exchange crisis and a definitive direction laid down by the budget is necessary. As for the inherent strengths of the economy, the chief one is substantial underlying demand; this can offset the effects of a credit squeeze whose effect on corporate profits is purely temporary.

Return on investment

The target for portfolio returns for Doshi's largely corporate clientele calls for an expected return of over 23 per cent this year. Historically, returns have ranged between 21 and 23 per cent. With interest rates having risen considerably over the past four months (average call rates have been 35 per cent during this period), the portfolio mix has been reviewed. Currently, about 60 per cent is invested in short-term money market instruments, while the balance is evenly divided between equity and corporate debt instruments (although Doshi disfavours primary subscriptions to non-convertible debentures thanks to their low rates of return).

As a matter of strategy, decisions are made after talking to the management and screening the fundamental and technical position of each individual company. Doshi particularly likes two companies which are into forgings: Amforge & Bharat Forge, both professionally managed companies with a proven track record and a strong export drive.

Amforge managed by the Makars, is working on a technology upgradation and expansion project which will take its installed capacity to 35,000 tonnes per annum on completion. There are some short-term negative factors: earnings per share for the year ended March 1991 dropped to Rs.7.71 (Rs.11.05); project implementation costs and the increased interest burden are likely to exert pressure on margins in the first half of the current year. Equity also has expanded to Rs.7.23 crore (due to conversion).



However, once the project goes on stream, earnings flow would increase substantially. The scrip quotes at Rs.85 (*see chart*) and Doshi feels that it could appreciate to Rs.120 by year end.

Bharat Forge, of the well-managed Kalyani group, is a good scrip for the long term. Its forgings capacity is being expanded from 50,000 tpa to 100,000 tpa this year. While earnings per share for the year ended March 1991 was Rs.9.60 (Rs.6.77), the scrip has, it is true, fallen from its earlier high of Rs.245 last October to Rs.212.50 at present. However, over the year, it has risen substantially. Doshi expects it to appreciate 35 per cent within a year.

Shipping boom

Outside of forgings, Doshi likes the shipping industry which should be firm worldwide — although the Baltic Index tends to be variable and is currently down below 1,500 from its earlier peak of over 1,700. The dry cargo market should be particularly good and Doshi likes current market favourite, Great Eastern Shipping, predicting its price to rise within the year to Rs.80 from its current level of Rs.53.

For the index to rise substantially, an easing of the foreign exchange crisis and a definitive direction laid down by the budget is necessary

There is a third industry group that Doshi likes, one intimately linked with his own line of work — finance companies. Doshi notes that the rise in interest rates has not been uniform as non-corporate lenders have not received the full benefit of the hike. This has increased the spread between the borrowing costs of finance companies and the rate at which they lend money. Doshi particularly likes Cifco, V.B. Desai and 20th Century, all of which tend to be historically underrated by the market.

Good management can always transform an ordinary company into an excellent one, claims Doshi. Citing Jain Irrigation, promoted by the Jain group of Jalgaon, he notes that they are in a difficult area of marketing drip irrigation systems to cash-crop and plantation agriculturists. The scrip which earned Rs.10.23 per share for the year to March 1991 should earn substantially more this year and Doshi expects its price (currently Rs.82) to be good for a 40 per cent rise this year.

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 14.6.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A.P.SCOOTERS,10	03/87	9.94	-13.25	-3.33	4.00	11.00	4.00	-4.8			11.0	27.5		
ABB,10	12/90	9.86	14.11	24.31	127.50	165.00	82.50	8.6	3.5	14.8	27.0	2.1		
ACC,100	03/90	55.95	90.00	260.86	2555.00	2645.00	587.00	31.7	95.1	80.6	15.0	0.6	86	1:5
AHM ELECTRIC,100	03/90	21.30	67.58	417.28	425.00	650.00	300.00	36.8	14.0	11.5	16.0	3.8	87	1:5
ALFA LAVAL,10	03/90	7.82	21.57	37.58	205.00	225.00	127.50	10.9	4.1	18.8	25.0	1.2	89	1:2
AMAL RASAYAN,10	03/90	3.19	11.36	45.61	46.00	65.00	33.50		-2.9	4.2		3.8		
AMB SARABHAI,10	03/90	22.20	-1.10	9.50	10.00	22.00	10.00	0.3		33.3			82	1:5
AMFORGE,10	03/90	5.33	11.32	31.24	86.00	135.00	73.00	11.3	5.0	7.6	25.0	2.9		
ANDHRA CEMENT,10	03/89	18.78	-2.70	8.56	1030.00	1030.00	9.75	-15.4				11.8	67	1:2
ANDHRA VALLEY,100	03/90	10.51	49.73	573.17	1030.00	1650.00	650.00	185.8	108.4	5.5	20.0	1.9	75	1:9
ANDREW YULE,10	03/87	9.41	22.81	34.24	50.00	250.00	38.00	2.2		22.7	10.0	2.0	67	2:5
ANNAPURNA FOILS,10	03/89	9.05	0.00	10.00	8.50	18.00	7.00	-2.9	-3.2					
APOLLO HOSP,10	09/89	5.41	1.33	12.46	15.00	30.00	12.00	2.6	1.2	5.8	15.0	10.0		
APOLLO TYRES,10	10/89	8.40	14.19	26.89	66.50	92.50	42.50	18.3		3.6	25.0	3.8		
APPLE IND.,10	03/90	5.19	0.81	11.56	36.00	66.25	33.00	8.6		4.2	35.0	9.7		
ASHOK LEYLAND,10	03/90	31.72	100.64	41.73	148.00	251.25	82.50	5.8	4.3	25.5	31.5	2.1	78	1:2
ASIAN CABLES,10	03/91	5.59	10.26	28.39	35.00	48.00	30.00	6.8	2.4	5.1	15.0	4.3	81	1:3
ASIAN HOTELS,10	03/90	15.05	12.21	18.11	62.00	102.50	57.50	7.4	3.0	8.4	25.0	4.0		
ASIAN PAINTS,10	03/90	12.44	56.50	55.42	232.50	285.50	220.00	15.3	6.2	15.2	45.0	1.9	87	1:2
ASSAM CO,10	03/90	14.00	26.02	28.59	135.00	180.00	112.50	9.2	5.1	14.7	55.0	4.1	89	1:1
ASSAM FRONTIER,10	03/90	3.00	17.19	67.30	265.00	365.00	200.00	29.7	14.5	8.9	50.0	1.9		
ASTRA IDL,10	03/90	2.50	2.97	21.88	65.00	75.00	40.00	5.3	2.5	12.3	20.0	3.1		
ATLAS COPCO,10	03/90	7.25	7.26	20.01	71.00	87.00	39.50	-0.5	-1.9	46.2		2.7	87	1:2
ATLAS CYCLE,10	03/90	1.15	14.88	139.39	182.50	205.00	76.00	7.2	2.4	25.3	15.0	0.8	87	1:2
AVERY INDIA,10	03/90	4.20	13.49	42.12	140.00	195.00	109.00	7.3		19.2	35.0	2.5	84	2:5
BAJAJ AUTO,10	03/91	18.81	298.75	168.83	600.00	725.00	487.50	30.0	21.6	20.0	100.0	1.7	87	1:1
BAJAJ PLASTIC,10	03/90	1.50	3.51	33.40	79.50	92.50	43.00	0.7	3.6	113.6			86	1:1
BAJAJ TEMPO,10	03/90	6.60	42.10	73.79	200.00	280.00	150.00	11.5	9.1	17.4	20.0	1.0	86	1:1
BAKELITE HYLAM,10	03/90	4.50	20.04	54.53	50.00	62.50	40.50	3.0	1.8	16.7	18.0	3.6	80	2:3
BALLARPUR,10	03/90	20.97	27.11	22.93	275.00	310.00	166.25	19.9	14.2	13.8	28.0	1.0	89	1:2
BARODA RAYON,100	03/90	17.97	51.55	386.87	485.00	1167.25	415.00	132.5	11.4	3.7	25.0	5.2	90	1:2
BASF,10	03/91	6.39	18.55	39.03	135.00	160.08	100.00	7.9	6.9	17.1	20.0	1.5	90	1:2
BATA INDIA,10	12/89	10.50	17.18	26.36	79.00	105.00	73.00	5.4		14.6	15.0	1.9	87	1:1
BATLIBOI,10	09/89	2.79	3.93	24.09	82.00	89.00	38.00	5.5		14.9	15.0	1.8		
BAYER INDIA,100	03/91	16.22	22.52	238.84	825.00	1075.00	600.00	52.0	24.4	15.9	22.0	2.7	87	1:1
BEST & CROM,10	03/90	7.56	23.03	40.46	50.00	77.50	32.50	1.9	-0.3	26.3	10.0	2.0	82	3:5
BHADRA PAPER,10	03/91	10.57	40.44	48.26	152.50	170.00	80.00	14.6	6.2	10.4	37.5	2.5		
BHARAT FORGE,10	03/90	14.24	20.80	24.61	205.00	265.00	102.50	4.1	5.9	50.0	30.0	1.5	88	1:1
BHARAT GEARS,10	03/90	4.03	5.50	23.65	45.00	62.00	32.50	2.7	0.1	16.7		8.2		
BIHAR ALLOY,10	03/90	8.20	-10.01	-2.21	18.00	51.50	17.00	-2.1		13.1				
BIMETAL,10	03/90	3.82	12.13	41.75	150.00	150.00	75.00	7.5	5.0	20.0	27.5	1.8	89	1:1
BINDAL AGRO,10	12/89	39.85	48.25	22.11	42.00	80.00	37.50	3.3	4.6	12.7	50.0	11.9	90	1:2
BIRLA JUTE,10	03/91	20.37	128.37	73.02	279.50	283.00	94.00	19.2	7.7	14.6	30.0	1.1	86	1:1
BIRLA YAMAHA,10	02/89	8.00	0.17	10.21	15.50	26.00	12.00	-4.8	-3.4					
BLOW PLAST,10	07/89	2.00	3.73	28.65	115.00	135.00	50.00	1.6	5.3	71.9	15.0	1.3	87	1:1
BLUE STAR,10	03/90	3.55	15.61	53.97	60.00	120.00	47.50	13.3	1.5	4.5	20.0	3.3	90	1:1
BOM BURMAH,100	03/91	5.52	23.65	528.44	1150.00	1250.00	790.00	110.7	38.9	10.4	35.0	3.0	78	1:4
BOM DYEING,10	03/90	22.48	76.94	44.23	210.00	240.00	123.00	9.8	7.7	21.4	40.0	1.9	90	1:1
BOM SUBURBAN,10	03/90	6.80	78.22	128.52	85.00	140.00	52.00	18.2	12.0	4.7	20.0	2.4	89	1:1
BOOTS,10	03/90	8.10	9.33	21.52	138.75	140.00	92.50	5.6	3.9	24.8	30.0	2.2	87	1:1
BOROSIL GLASS,10	03/90	2.24	8.71	48.88	55.00	65.00	47.50	5.9		9.3	25.0	4.5	82	1:2
BRITANNIA,10	03/91	18.57	37.96	30.44	138.75	162.50	105.00	5.4	2.8	25.7	29.0	2.1	89	1:2
BROOKE BOND,10	12/90	44.15	53.54	22.13	140.00	167.50	115.25	5.9		23.7	40.0	2.9	89	4:5
BURROUGHS,10	03/90	6.00	15.82	36.37	80.00	110.00	67.50	3.0	2.3	26.7	15.0	1.9	89	1:1
C.E.S.C.,10	03/90	16.94	86.30	60.94	41.50	87.00	39.50	7.9	2.9	5.3	20.0	4.8		
C.P.TOOLS,100	03/90	4.57	14.21	410.94	540.00	650.00	280.00	5.0	-5.6	108.0	15.0	2.8	87	1:3
CABLE CORP,10	03/90	9.00	26.23	39.14	100.00	117.50	74.00	11.0	3.4	9.1	28.0	2.8		
CADBURY,10	03/90	8.40	14.40	27.14	157.50	185.00	140.00	6.3	2.3	25.0	35.0	2.2	87	1:1
CALICO MILLS,125	06/89	13.56	-5.69	72.55	50.00	95.00	40.00	2.3		21.7			77	1:7
CARRIER AIRCON,10	03/90	17.42	-3.50	7.99	15.00	31.00	9.00	-1.2	-0.9					
CASTROL,10	03/90	9.86	25.42	35.78	291.25	291.25	154.69	6.1	8.5	47.7	27.0	0.9	90	3:5
CEAT TYRES,10	06/90	14.76	109.15	83.95	86.75	125.00	70.00	15.2	6.3	5.8	30.0	3.4	86	1:2
CEMINDIA,10	03/91	1.28	8.94	79.84	97.50	122.50	75.00	5.9	2.8	16.5	30.0	3.1	84	3:5
CENTURY ENKA,100	03/91	23.25	161.52	794.71	2550.00	3964.29	2321.43	104.2	65.0	24.5	49.0	1.9	90	2:5
CENTURY SPIN,100	03/91	26.62	252.97	1050.30	5220.00	5275.00	3550.00	306.3	120.1	17.0	50.0	1.0	86	2:3
CHAMPAGNE,10	03/90	3.00	-1.46	5.13	15.50	34.00	14.00	-1.8						
CHLORIDE,10	03/90	20.65	16.51	18.00	105.00	120.00	94.00	6.7	2.6	15.7	31.5	3.0	86	3:5
CIFCO FINANCE,10	03/90	4.78	0.56	11.17	13.00	19.00	10.75	1.8	1.2	7.2	18.0	13.8		
CITURGIA,10	03/91	3.38	10.48	41.01	140.00	145.00	85.00	9.8	2.9	14.3	35.0	2.5		
COLGATE,10	12/89	31.44	25.32	18.05	305.00	340.00	225.00	8.0		38.1	42.5	1.4	89	1:1
COLOUR CHEM,100	03/90	7.94	13.95	275.82	840.00	1000.00	620.00	30.0	3.0	28.0	22.0	2.6	80	2:5
COMET STEEL,10	03/91	9.65	5.34	15.53	15.00	31.00	14.00	0.9		16.7		10.6		
COROM FERT,10	09/90	24.32	20.45	18.41	72.50	80.00	47.50	4.3	1.5	16.9	20.0	2.8	86	1:2
COSMO FILMS,10	03/90	2.39	5.47	32.89	22.50	45.00	18.50	-6.3	-0.8			5.5		
CROMPT GREA,100	03/90	19.20	74.09	485.89	1250.00	1650.00	682.50	80.9	33.6	15.5	18.0	1.4	89	1:1
CYANAMID,10	03/90	5.25	12.50	33.81	123.75	142.50	81.25	7.8	4.6	15.9	25.0	2.0		

Company Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 14.6.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
DCM TOYOTA,10	03/90	15.00	-12.96	1.36	38.50	58.75	31.50	4.3	3.2	9.0				
DCM,10	03/89	23.02	37.80	26.42	250.00	275.00	50.00	2.6	-2.2	96.2			71	4:5
DEEPAK FERT,10	03/90	36.68	11.32	13.09	27.00	42.00	24.00	3.2	4.1	8.4	18.0	6.7		
DEEPAK NITR,10	03/90	2.43	9.23	47.96	92.50	140.00	82.00	14.3	8.6	6.5	30.0	3.2	85	1:2
DEMPO STEAM,100	06/85	2.00	-9.83	-391.50	5.00	6.50	5.00							
DHARAMSI,10	03/90	6.24	15.76	35.26	48.75	70.00	42.50	10.0	5.1	4.9	25.0	5.1	90	1:2
DR.REDDYS,10	03/90	2.08	1.36	16.54	108.75	112.50	51.00	3.1	1.6	35.1	25.0	2.3		
DUNCAN AGRO,100	03/90	3.05	18.23	697.70	265.00	265.00	70.00	368.5	82.6	0.7	40.0	15.1	89	1:2
DUNLOP,10	03/90	18.99	68.77	46.21	54.00	85.00	50.00	2.3	2.0	23.5	30.0	5.6	76	1:3
E. MERCK,10	12/90	5.94	7.40	22.46	88.00	95.00	59.00	3.3		26.7	20.0	2.3	86	3:5
E.I HOTELS,10	03/90	23.84	47.57	29.95	39.00	62.50	37.00	4.5	0.5	8.7	22.0	5.6	84	2:5
EICHER MOTORS,10	03/90	9.98	-6.04	3.95	39.00	51.25	28.50	3.5	3.4	11.1		10.0		
EID PARRY,10	03/90	6.28	31.42	60.03	102.50	105.00	75.00	8.1	5.5	12.7	25.0	2.4		
ELECON ENG.10	03/90	5.65	27.25	58.23	52.50	70.00	47.50	1.8		29.2	12.0	2.3	87	3:5
ENFIELD,10	03/90	5.04	6.05	22.00	19.50	32.50	13.50	-6.3	-0.7				85	1:1
ENGLISH ELECT,10	03/90	9.00	18.88	30.96	67.50	84.00	38.00	3.3		20.5	25.0	3.7	90	1:1
ESCORTS,10	03/90	33.90	127.32	47.56	157.50	185.00	99.50	6.6	4.7	23.9	30.0	1.9	87	3:5
ESKAYEF,10	03/90	7.50	26.57	45.43	183.75	191.25	113.75	10.4	6.5	17.7	30.0	1.6	88	1:2
ESSAR SHIPPING,10	06/89	46.14	44.05	19.55	40.75	47.00	20.00	2.9	4.6	14.1	30.0	7.4		
EXCEL,10	03/90	4.62	18.89	50.89	350.00	390.00	188.00	20.0	16.2	17.5	50.0	1.4	84	4:5
FAG PRECISION,10	03/90	3.36	8.71	35.92	96.00	140.00	63.75	13.8	8.7	7.0	18.0	1.9		
FERRO ALLOYS,10	03/90	8.42	36.76	536.58	37.50	82.50	37.50	15.9		2.4	25.0	66.7	80	1:2
FGP,10	03/91	4.89	7.96	26.28	59.50	75.00	53.00	3.5	2.2	17.0	22.0	3.7	87	1:2
FICOM ORGANIC,10	03/90	1.29	7.53	68.37	147.50	240.00	120.00	16.7	9.3	8.8	45.0	3.1	87	1:1
FINOLEX,10	03/90	3.24	38.28	128.15	208.75	375.00	170.00	28.1	15.6	7.4	50.0	2.4	88	4:5
FIRST LEASING,10	11/89	6.30	10.05	25.95	33.00	55.00	28.50	4.8		6.9	26.0	7.9	83	1:3
FLAKT INDIA,10	12/90	4.76	4.08	18.57	74.00	85.00	31.00	4.3	0.9	17.2	20.0	2.7	89	2:5
FORBES FORBES,10	03/90	4.25	21.83	61.36	100.00	100.00	52.50	5.0	1.8	20.0	20.0	2.0	82	2:5
FULFORD,10	03/90	0.80	3.54	54.25	237.50	265.00	165.00	14.4		16.5	22.0	0.9	90	1:1
G.E.SHIPPING,10	03/90	64.85	55.28	18.52	52.00	52.00	27.00	6.7	3.0	7.8	20.0	3.8	90	1:5
G.K.W.,10	03/90	24.05	41.04	27.05	32.00	70.00	27.50	6.0	0.5	5.3	15.0	4.7	83	1:3
G.T.C INDUST,10	03/90	5.00	13.24	36.48	102.50	110.00	35.00	7.2	7.2	14.2	35.0	3.4	72	1:4
GABRIEL,10	03/90	2.64	5.83	31.33	42.00	77.50	42.00	6.6		6.4	18.0	4.3	78	3:5
GAMMON INDIA,10	03/90	2.16	13.87	74.21	110.00	135.00	62.50	2.8	4.2	39.3	25.0	2.3	82	2:5
GARDEN SILK,10	06/89	16.24	84.67	62.14	42.50	62.50	35.00	3.6	2.6	11.8	30.0	7.1		
GARWARE NYLON,10	03/90	9.72	14.92	25.35	30.00	67.00	29.00	3.6	2.0	8.3	15.0	5.0	83	1:2
GARWARE POLY,10	09/89	10.94	21.96	30.07	48.00	60.00	29.50	-6.4				4.1		
GARWARE SHIP,10	03/89	3.75	0.03	10.08	21.00	22.00	13.50	5.9	1.6	3.6	15.0	7.1		
GEN ELECTRIC,10	03/90	7.20	30.60	52.50	51.50	57.00	31.00	3.8	2.5	13.6	10.0	1.9	89	1:1
GENELEC,10	03/89	2.16	-4.39	-10.32	17.00	41.00	15.00	-47.1			14.7	8.6	84	1:1
GEORGE WILL,10	03/90	9.45	23.82	35.21	155.00	180.00	120.00	5.2	10.0	29.8	60.0	3.9	89	1:2
GERMAN REME,10	03/90	6.52	5.61	18.60	102.75	200.00	82.50	13.3	1.8	7.7	20.0	1.9	90	1:1
GLAXO,10	03/91	20.00	55.08	37.54	96.00	107.00	82.50	5.3	2.8	18.1	27.0	2.8	80	1:3
GODFREY PHILIPS,10	03/90	2.60	3.80	24.62	300.00	325.00	88.75	11.0	21.6	27.3	35.0	1.2	75	1:1
GOETZE,10	03/90	6.93	16.53	33.85	111.00	122.50	80.00	6.7	3.4	16.6	32.0	2.9	76	4:5
GOKAK PATEL,10	03/90	6.52	25.96	49.82	235.00	255.00	92.50	13.7	11.0	17.2	32.0	1.4	87	1:1
GOOD NEROLAC,10	03/90	3.24	5.08	25.68	57.00	140.00	52.50	8.5	1.8	6.7	20.0	3.5	78	5:7
GOODYEAR,10	12/90	14.96	47.11	41.49	54.00	220.00	46.25	4.5		12.0	25.0	4.6	90	1:1
GRAMOPHONE,10	03/90	4.37	11.43	36.16	13.50	22.50	11.75	0.4	0.3	33.8				
GRASIM,10	03/91	60.20	279.13	56.37	243.00	265.00	127.75	15.9	7.2	15.3	35.0	1.4	88	3:4
GREAVE COTTON,10	03/90	9.86	30.96	41.40	78.75	110.00	60.00	6.6	2.1	11.9	18.0	2.3	86	1:2
GUJ ALKALIES,10	03/91	17.90	39.87	32.27	148.75	160.00	90.00	8.4	3.1	17.7	28.0	1.9	87	1:5
GUJ AMB CEM,10	06/90	19.99	15.18	17.59	168.75	172.50	58.00	7.3	4.8	23.1	25.0	1.5		
GUJ NARMADA,10	03/89	88.99	103.47	21.63	37.75	54.00	34.00	3.4	0.4	11.1	10.0	2.6		
GUJ STATE FERT,10	03/90	44.41	335.70	85.59	195.00	260.00	160.00	11.6	8.3	16.8	30.0	1.5	87	1:3
HARRISON,10	06/90	9.10	21.40	33.52	182.50	237.50	116.00	10.6	5.6	17.2	75.0	4.1	87	2:5
HERDILLIA CHEM,10	03/90	7.35	46.79	73.66	88.75	120.00	80.00	10.0	3.5	8.9	26.0	2.9	78	1:2
HERO HONDA,10	03/90	15.98	-2.76	8.27	85.00	93.75	33.00	-0.3	2.0					
HIND ALLOY,10	03/90	7.13	5.03	17.05	63.75	128.75	60.00	9.4	4.1	6.8	30.0	4.7		
HIND CIBA,100	03/90	17.71	40.07	326.26	1180.00	1230.00	700.00	92.7	39.5	12.7	30.0	2.5	90	1:2
HIND DEVELOP,10	03/90	32.93	92.56	38.11	95.00	110.00	75.00	3.9	2.4	24.4	20.0	2.1	86	1:1
HIND DORR-OLIVER,10	03/90	4.76	10.67	32.42	77.50	115.00	52.50	7.3	2.8	10.6	25.0	3.2	89	1:1
HIND FERODO,10	03/90	5.50	1.89	13.44	27.00	40.00	15.00	0.1		270.0	7.5	2.8	83	4:5
HIND LEVER,10	12/90	93.32	162.06	27.37	159.00	168.75	124.00	7.1		22.4	42.0	2.6	87	1:1
HIND MOTOR,10	03/90	26.35	44.92	27.05	21.75	54.50	17.00	0.8	0.4	27.2	7.5	3.4	86	1:1
HINDALCO,10	03/91	38.77	253.87	75.48	260.00	355.00	173.44	16.7	19.8	15.6	30.0	1.2	90	3:5
HMM,10	03/90	14.18	93.90	76.22	357.50	400.00	317.50	12.4	5.3	28.8	40.0	1.1	87	1:1
HOECHST,100	03/90	9.58	56.06	685.18	2750.00	3650.00	1920.00	94.5	56.1	29.1	20.0	0.7	82	1:2
HOGANAS,10	03/90	1.15	0.29	12.52	122.50	145.00	23.75	4.0	1.4	30.6	15.0	1.2		
HOTEL LEELA,10	03/90	18.57	-2.20	8.82	14.00	26.00	14.00	0.1	-0.1	140.0				
HOUSING DEV FIN,100	03/91	45.00	108.65	341.44	430.00	475.00	260.00	66.2	82.8	6.5	22.0	5.1		
HYD.ALLWYN,10	12/88	17.45	10.70	16.13	14.00	25.00	8.00	1.4	1.2	10.0	15.0	10.7		
I.O.L.,10	03/90	14.60	31.44	31.53	45.00	56.00	31.00	0.2		225.0	10.0	2.2	85	1:3
ICI,10	03/90	40.87	84.19	30.60	54.00	67.50	27.50	-2.9	-2.1	31.7		5.9	78	1:3
ICIM,10	03/91	8.61	4.61	15.35	28.75	45.00	23.00	2.5	1.8	11.5				
INDIA CEMENT,10	03/90	4.90	48.98	109.96	157.50	171.00	50.00	5.9	7.0	26.7	15.0	1.0	89	2:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 14.6.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
A GYPSUM,10	03/90	8.98	-4.64	4.83	13.00	22.00	9.50	-2.4	-1.3					
A POLYFIBRES,10	03/90	29.75	-2.73	9.08	8.50	22.00	7.00	-0.9	-1.1					
A STEAMSHIP,10	03/90	10.15	-63.17	-52.24	12.80	16.50	8.70	1.8		7.1			75	1:1
AN ALUM,10	03/90	41.50	49.09	21.83	160.50	250.00	146.00	14.1	7.0	11.4	25.0	1.6	77	2:5
AN DYESTUFF,100	03/90	9.41	38.71	511.37	635.00	775.00	430.00	44.4	46.0	14.3	14.0	2.2	80	1:4
AN HOTEL,10	03/90	14.79	51.27	44.67	90.00	127.50	85.00	7.8	-1.0	11.5	25.0	2.8	89	1:2
AN ORGANIC,10	03/90	18.40	26.38	24.34	38.00	86.00	31.25	4.6		8.3	15.0	3.9	85	1:2
AN RAYON,10	06/90	25.40	202.97	89.91	124.50	163.75	107.00	7.8	4.0	16.0	30.0	2.4	80	1:4
AN SEAMLESS,10	03/91	3.86	7.04	28.24	144.50	165.00	72.50	14.6		9.9	25.0	1.7	89	3:4
OGULF FERT,10	03/90	164.92	0.25	10.02	33.00	47.00	18.25	0.1	-0.2	330.0				
NISSAN,10	03/90	14.00	1.21	10.86	15.00	25.50	12.50	0.2	0.5	75.0	6.0	4.0		
ERSOLL,10	03/90	15.78	34.25	31.70	305.00	360.00	232.50	9.1	5.3	33.5	25.0	0.8	89	1:1
EXCHANGE,10	03/90	3.50	11.10	41.71	72.50	90.00	55.00	2.9	0.7	25.0	13.0	1.8	88	4:5
ATA,10	03/90	12.00	-15.79	-3.16	52.50	60.00	21.50	2.9	1.4	18.1				
10	03/90	66.34	152.27	32.95	165.50	165.50	81.00	7.9	5.7	20.9	37.5	2.3	89	1:1
CHEMICAL,10	03/90	3.00	6.02	30.07	147.00	207.50	77.00	12.7	17.0	11.6	21.0	1.4		
NDUSTRIES,10	06/90	14.04	27.86	29.84	85.00	93.75	47.50	11.8		7.2	30.0	3.5	67	1:1
SYNTHETIC,10	03/90	38.51	129.12	43.53	32.25	79.00	27.00	1.1	-5.7	29.3	20.0	6.2	83	1:3
ANT VITAMIN,10	06/90	3.87	5.11	23.20	26.50	44.00	23.00	4.2		6.3	10.0	3.8	87	2:5
YANI BRAKES,10	03/90	3.90	-4.84	-2.41	74.00	105.00	42.50	4.0	2.1	18.5				
YANI STEEL,10	03/90	4.72	9.05	29.17	260.00	500.00	220.00	19.7	5.7	13.2	75.0	2.9	90	1:1
VINATOR,10	06/90	8.40	25.48	40.33	131.25	157.50	86.00	10.8	9.7	12.2	20.0	1.5	89	1:1
ORAM,10	03/90	11.46	53.78	56.93	93.75	132.50	63.75	2.3		40.8	10.0	1.1	79	1:2
DAY DIST,10	03/90	9.00	8.88	19.87	26.00	42.50	25.00	5.9	2.8	4.4	12.0	4.6		
TIC ENGG,10	03/90	2.88	22.29	87.40	161.25	240.00	155.00	12.3	7.7	13.1	25.0	1.6	89	1:1
TIC HONDA,10	06/90	9.99	7.63	17.64	68.00	95.00	60.00	3.4	4.3	20.0				
CUMMINS,10	03/90	26.40	41.95	25.89	125.00	148.00	75.00	4.4	2.0	28.4	20.0	1.6	86	1:1
PNEUMATIC,10	03/90	3.85	11.28	39.30	52.50	85.00	35.00	6.7	1.5	7.8	18.0	3.4		
OSKAR OIL,10	03/90	5.75	13.16	32.89	69.00	82.50	33.75	5.2		13.3	16.0	2.3	76	3:7
CKNER WIND,10	03/90	4.50	12.31	37.36	171.25	215.00	107.50	13.1		13.1	24.0	1.4	90	1:1
PUMPS,10	03/91	8.70	17.20	29.77	195.00	260.00	170.00	8.2	3.1	23.8	25.0	1.3	89	1:1
NE,10	03/90	3.15	9.67	40.70	257.50	300.00	150.00	5.6	4.8	46.0	28.0	1.1	89	1:2
EN TOUBRO,10	03/90	68.09	321.18	57.17	112.50	166.25	79.00	6.3	7.2	17.9	25.0	2.2	86	3:5
ON,10	12/90	15.75	24.51	25.56	103.00	110.00	65.00	3.7		27.8	22.0	2.1		
D STEEL,10	03/91	5.07	8.59	26.94	46.25	100.00	40.00	9.7		4.8	25.0	5.4	89	1:2
10	03/90	21.42	9.07	14.23	24.25	66.00	12.50	0.2	-0.2	121.2			80	4:5
NEILL MAGOR,10	03/90	2.74	39.99	155.95	94.00	106.00	90.00	11.9	8.4	7.9	25.0	2.7		
RAS CEMENT,100	03/90	3.02	18.65	717.55	5000.00	5400.00	1470.00	22.5	276.0	222.2				
JRA COATS,10	03/90	21.96	92.32	52.04	192.50	270.00	125.00	8.4	7.8	22.9	40.0	2.1	90	1:2
TLAL FINE,100	03/91	14.48	21.05	245.37	450.00	690.00	305.00	31.8	6.6	14.2	17.0	3.8	80	1:3
TLAL IND,100	03/91	13.45	55.61	513.46	1075.00	1300.00	540.00	61.5	19.1	17.5	30.0	2.8	78	1:5
N & MAHIN,10	03/90	19.26	113.23	68.79	70.50	115.00	65.00	8.3	3.3	8.5	25.0	3.5	84	2:3
NDRA NISSAN	03/90	19.26	0.15	10.08	17.50	28.00	12.50	-1.5	-2.5					
NDRA UGINE,10	03/90	11.50	26.98	33.46	55.00	85.00	47.50	4.1		13.4	20.0	3.6	88	1:2
GALAM CEM,10	03/91	7.11	13.42	28.87	80.00	86.25	38.50	5.8	1.5	13.8	24.0	3.0		
GALORE CHEM,10	09/90	58.72	0.17	10.03	11.00	35.00	11.00		-9.8			4.3		
ERSHARE,10	06/89	225.00	280.60	22.47	34.50	37.00	19.85	8.3		4.2	18.0	5.2		
ER PLATT,10	03/90	23.04	9.15	13.97	28.00	45.00	23.00	1.8	0.7	15.6	22.0	7.9	87	3:5
NDIA,10	03/90	2.79	6.17	32.11	70.00	100.00	67.50	5.5	2.0	12.7	30.0	4.3		
A INDUST,10	11/89	4.32	2.64	16.11	9.50	15.00	5.00	-0.7				14.1		
WELL,10	03/90	9.99	25.89	35.92	63.00	100.00	60.00	8.9	2.0	7.1	25.0	4.0	86	1:1
OD RUSSEL,10	03/90	6.25	22.38	45.81	123.75	135.00	90.00	13.9	13.6	8.9	60.0	4.8	89	3:5
L BOX,10	03/90	14.68	-26.32	-7.93	8.00	13.75	6.75	-9.4					67	1:2
INDIA,10	03/91	1.28	2.26	27.66	70.00	110.00	50.00	3.2	1.4	21.9	18.0	2.6	89	1:1
OOD,10	03/90	1.14	4.49	49.39	95.00	185.00	92.50	23.0		4.1	30.0	3.2	87	1:1
NDUSTRIES,10	03/89	3.30	23.65	81.67	10.50	30.00	10.00	-52.6	-1.6			3.2	89	1:5
RUBBER,10	03/90	10.38	52.50	60.58	65.00	95.00	55.00	6.9	3.8	9.4	25.0	3.8	84	2:5
XEROX,10	03/90	19.46	6.50	13.34	66.00	104.00	60.00	3.1	0.5	21.3	16.0	2.4		
P INDUST,100	12/89	38.05	67.85	278.32	1285.00	1300.00	700.00	38.4	19.4	33.5	14.0	1.1	86	1:1
0	03/90	3.86	55.04	152.59	565.00	565.00	280.00	32.4	19.2	17.4	60.0	1.1	75	1:2
ND,10	03/91	14.74	99.82	77.72	162.00	242.50	133.00	7.9	5.7	20.5	30.0	1.9	88	1:2
RE CEMENT,10	03/90	19.23	97.87	60.89	68.00	68.00	11.00	-3.9	1.2	17.3		9.2	85	2:5
R FINANCE,10	03/90	2.43	4.87	30.04	15.00	22.50	13.00	7.1	3.2	2.1	25.0	16.7		
N PEROXIDE,100	03/90	2.30	7.18	412.17	1500.00	1500.00	525.00	-19.1	-80.4		6.0	0.4		
HAL RADIO,100	03/90	8.98	3.75	153.72	580.00	700.00	275.00	14.0		41.4				
E,10	12/89	36.62	5.70	11.56	140.00	158.75	120.00	3.9		35.9	30.0	2.1	89	3:5
,10	03/90	15.75	23.74	5.06	20.50	37.00	16.00	-11.8	-5.6				82	1:2
,100	03/91	36.00	131.20	464.44	1160.00	1850.00	925.00	99.3	37.9	11.7	40.0	3.4	86	1:2
CEMENT,10	03/90	5.40	47.44	97.85	175.00	185.00	50.00	2.5	0.5	70.0	20.0	1.1	87	1:1
,10	03/90	98.29	51.65	17.79	27.25	47.00	19.00	0.2	0.5	136.2		17.5		
AGRO,10	06/89	96.72	91.67	18.44	36.00	72.50	36.00	2.8	2.1	12.9	50.0	13.9	87	3:5
FURANE,10	03/90	18.00	0.15	10.08	16.50	35.00	16.50	-2.5		90.0				
EVATORS,10	03/90	5.37	20.34	47.88	220.00	245.00	170.00	7.5	3.5	29.3	25.0	1.1	85	1:1
,10	12/89	1.53	4.98	15.42	79.00	122.50	68.50	3.7	4.2	18.9	35.0	5.0	90	3:5
,10	03/90	21.37	45.09	27.00	75.00	96.00	42.50	2.0	2.9	35.0	10.0	1.4	82	1:5
,10	03/90	11.72	16.91	24.43	70.00	158.25	60.00	2.3	1.8	30.4	20.0	2.9	77	4:5

Company / Face value	Year Ended	Equity Rs Cr	Re-serves Rs Cr	Book value Rs	Price 14.6.91	52 weeks High	52 weeks Low	EPS in Rs Year	EPS in Rs Half-yr	PE Times	Divi-dend %	Yield %	Bonus Year	Bonus Ratio
POLYCHEM,10	03/90	6.00	17.30	38.83	65.00	106.72	45.36	11.5	4.1	5.7	25.0	3.8	90	1:2
POLYOLEFINS,100	03/91	19.30	64.83	435.91	1150.00	1450.00	850.00	83.2	33.8	13.8	40.0	3.5	88	1:2
PONDS,10	12/90	10.01	19.26	29.24	215.00	220.00	155.00	7.6		28.3	37.5	1.7	90	1:2
PREMIER AUTO,10	06/90	22.75	112.26	59.35	48.00	79.00	32.00	7.5		6.4	30.0	6.2	86	1:1
PROCTER & GAM,10	06/90	6.68	11.68	27.49	240.00	340.00	202.50	6.7	5.3	35.8	30.0	1.2	88	4:5
PSI DATA,10	03/90	6.50	-5.27	1.89	20.00	27.50	9.00	-19.1				11.0		
RALLIS,10	03/90	9.52	35.58	47.37	75.00	135.00	70.00	1.9	3.3	39.5	10.0	1.3	77	3:1
RANBAXY,10	03/90	8.95	16.22	28.12	176.25	176.25	95.00	8.4	6.6	21.0	27.5	1.6	88	2:5
RAYMONDS,10	03/90	22.47	80.46	45.81	162.00	178.00	90.00	8.1	7.2	20.0	20.0	1.2	87	1:1
RECKITT COLMAN,10	12/90	8.40	27.81	43.11	262.50	275.00	207.50	11.1	4.8	23.6	47.5	1.8	88	1:1
REGENCY CERAMIC,10	03/89	5.61	0.25	10.45	15.00	22.00	12.00	0.9	0.7	16.7				
RELIANCE PETRO	03/89	86.47	0.48	10.06	39.00	56.50	20.50	0.6		65.0	18.0	4.6		
RELIANCE,10	03/90	152.11	958.12	72.99	143.50	234.00	83.00	5.9	5.5	24.3	30.0	2.1	83	3:5
REMINGTON,10	03/90	2.67	4.34	26.25	32.50	50.00	32.50	3.3	1.8	9.8	20.0	6.2	86	1:2
REVATHI C.P,10	03/91	1.60	5.41	43.81	97.50	100.00	75.00	9.5		10.3	25.0	2.6	87	1:1
RHONE-POULENC,10	03/90	4.50	14.22	41.60	98.00	118.75	63.75	9.8	3.1	10.0	15.0	1.5		
ROCHE PRODUCTS,10	03/90	4.81	6.23	22.95	60.00	75.00	37.50	2.2	1.9	27.3	12.0	2.0	80	1:3
ROSS MURARKA,10	06/90	4.64	13.17	38.38	31.00	34.00	6.00	10.4	1.5	3.0	20.0	6.5		
S.I.VISCOSE,100	03/90	11.03	38.51	449.14	1300.00	2950.00	1150.00	202.0	63.9	6.4	45.0	3.5	87	1:2
SAMTEL INDIA,10	03/90	3.57	8.07	32.61	17.50	40.00	17.50	-8.4	-2.7	3.5		7.8	88	1:3
SANDOZ,10	12/89	5.30	24.68	56.57	92.00	136.74	80.00	11.2		8.2	18.0	2.0	90	1:2
SANDVIK ASIA,100	12/90	5.78	10.85	287.72	1290.00	1450.00	620.00	87.2		14.8	30.0	2.3	84	1:1
SCINDIA,20	03/90	18.95	-40.86	-23.12	10.75	13.50	7.00	-23.6	-3.8				77	2:5
SEARLE,10	03/90	7.82	10.93	23.98	130.00	155.00	110.00	5.3	4.9	24.5	20.0	1.5	88	1:2
SESA GOA,10	03/90	5.15	12.25	33.79	243.75	243.75	92.50	6.7	9.5	36.4	18.0	0.7	86	2:5
SHAW WALLACE,10	03/90	12.00	37.90	41.58	118.00	163.00	78.00	12.7	6.3	9.3	42.5	3.6	87	1:1
SIEMENS,10	03/90	20.77	61.17	39.45	132.50	148.00	108.50	4.4	4.0	30.1	30.0	2.3	86	1:4
SILTAP CHEMICAL,10	07/90	1.80	-0.76	5.78	125.00	140.00	65.00	0.4	-3.4	312.5				
SIPTA COATED,10	03/91	17.59	7.77	14.42	14.50	30.00	13.00	0.2		72.5		9.4		
SKF BEARINGS,100	03/90	24.70	52.45	312.35	2350.00	2775.00	1570.00	84.0	50.7	28.0	15.0	0.6	89	1:1
SOUTHERN PETRO,10	03/90	34.00	292.60	96.06	58.50	75.00	34.00	6.8	1.3	8.6	16.0	2.7	86	1:1
SPARTEK,10	03/90	4.56	5.91	22.96	68.75	75.00	45.00	6.8	3.8	10.1	18.0	2.6	89	3:5
SPECIAL STEEL,10	03/91	11.39	24.17	31.22	167.50	250.00	125.00	11.1	5.2	15.1	25.0	1.5	89	1:2
SRF,10	09/89	10.33	22.69	31.97	42.50	65.00	32.50	4.2		10.1	18.0	4.2	82	1:2
STANDARD IND,10	03/90	11.06	36.78	43.25	95.00	120.00	51.25	1.2	1.9	79.2	20.0	2.1	82	2:5
STANDARD MOTOR,10	03/88	4.37	3.98	19.11	15.25	26.00	11.00	-18.1				15.8	85	1:1
STRAW PRODUCTS,10	03/90	10.14	77.87	86.79	157.00	165.00	90.00	7.2	4.4	21.8	30.0	1.9	72	1:2
SU-RAJ DIAMOND,10	03/90	7.66	9.72	22.69	32.00	57.50	32.00	14.2	5.2	2.3	25.0	7.8		
SUND CLAYTON,10	05/90	9.48	23.99	35.31	40.00	65.00	36.00	0.1	1.1	400.0		5.4	87	2:3
SUND FASTENERS,10	03/90	5.10	13.30	36.08	100.00	137.50	79.00	9.3	2.6	10.8	27.5	2.8	88	3:5
SUND FINANCE,10	03/90	6.00	23.62	49.37	62.00	73.00	45.50	15.3		4.1	30.0	4.8	90	1:1
SUPREME INDUST,10	06/90	2.27	13.47	69.34	325.00	350.00	175.00	20.3	9.7	16.0	45.0	1.4	87	1:1
SWAD POLYTEX,10	03/90	3.90	11.77	40.18	40.00	90.00	35.00	4.6	1.3	8.7	17.5	4.4		
SYNTH & CHEM,10	03/90	11.42	9.75	18.54	53.75	65.00	38.75	4.3	2.7	12.5	25.0	4.7		
TATA CHEMICALS,10	03/90	73.76	210.39	38.52	71.00	117.00	60.00	5.5	2.2	12.9	30.0	4.2	89	1:2
TATA LOCO,10	03/90	103.67	378.70	46.53	227.50	266.25	147.50	9.9	5.1	23.0	30.0	1.3	82	2:5
TATA OIL,10	03/91	9.73	28.89	39.69	71.25	150.00	53.20	5.8	2.9	12.3	20.0	2.8	90	4:5
TATA POWER,100	03/90	21.22	76.04	458.34	1410.00	13650.0	750.00	56.9	28.0	24.8	20.0	1.4	75	1:5
TATA PRESS,10	03/90	1.57	5.62	45.80	52.00	75.00	32.50	-3.6		10.9	10.0	1.9		
TATA STEEL,10	03/90	229.43	1103.11	58.08	180.00	230.00	118.50	6.5	3.3	27.7	30.0	1.7	86	2.5
TATA TEA,10	03/90	17.10	109.99	74.32	330.00	450.00	209.50	24.3	16.3	13.6	60.0	1.8	88	3:5
TATA UNISYS,10	03/90	4.38	8.76	30.00	135.00	200.00	120.00	11.8	4.3	11.4	30.0	2.2	87	2:5
TEXMACO,10	03/90	1.87	11.06	69.14	58.50	84.00	36.50	-67.0						
TINPLATE,10	03/90	10.14	12.16	21.99	38.75	47.50	27.50	2.5	-4.3	15.5	15.0	3.9		
TUBE INVESTMENT,10	03/90	6.71	28.62	52.65	78.75	95.00	65.00	6.7	3.1	11.8	24.0	3.0	85	1:3
TUTICO ALKALIES,10	03/90	12.94	0.20	10.15	15.50	17.00	9.00	1.1	-0.8	14.1		44.4		
TVS SUZUKI,10	03/89	23.10	-5.50	7.62	13.00	26.00	11.00	1.3		10.0				
TWENT.CENT,10	03/90	8.88	12.44	24.01	31.00	52.00	26.25	4.5		6.9	22.0	7.1	88	2:5
U.B.LTD.,10	03/90	4.00	50.45	136.12	54.00	76.25	37.00	8.1		6.7	20.0	3.7	86	1:1
UNION CARBIDE,10	03/91	32.58	38.16	21.71	45.00	59.00	30.50	4.1		11.0	15.0	3.3	80	1:2
UNIT PHOSPHORUS,10	03/90	3.55	4.29	22.08	165.00	165.00	45.00	1.8	2.6	91.7	10.0	0.6		
UPCOM CABLES,10	03/89	5.92	1.88	13.18	12.00	27.00	11.50	4.3	-0.8	2.8	20.0	16.7		
VAM ORGANIC,10	03/90	5.16	20.35	49.44	161.25	195.00	111.25	15.7	5.7	10.3	35.0	2.2		
VIDEOCON INT,10	03/90	4.23	6.91	26.34	197.50	530.00	145.00	66.2	37.0	3.0	40.0	2.0		
VINDHYA TELE,10	03/91	3.90	21.06	64.00	57.50	135.00	57.50	2.8	1.4	20.5	24.0	4.2		
VOLTAS,100	03/91	19.85	74.92	477.43	120.00	140.00	81.00	92.2	5.8	1.3	27.0	22.5	89	1:2
VST INDUSTRIES,10	03/91	9.65	35.76	47.06	180.00	165.00	45.00	24.2	9.1	6.6	45.0	2.8	89	3:5
WALCHAND,100	09/89	3.00	2.46	182.00	25.00	32.50	16.25	-11.2		10.5			82	1:2
WARREN TEA,10	03/90	3.90	11.49	39.46	148.75	180.00	106.25	20.9	18.3	7.1	70.0	4.7	89	1:1
WIMCO,10	03/90	13.58	5.51	14.06	24.75	44.00	17.00	-2.9	0.7				70	1:5
Z F STEERING,10	03/90	2.25	1.02	14.53	41.00	80.00	37.50	2.0	1.1	20.5	12.5	3.0		
ZENITH,10	03/90	9.15	-11.20	2.24	24.00	55.00	23.00	-28.4	11.9	9.2	30.0	12.5	87	1:4
ZUARI,10	03/91	12.43	64.25	61.69	76.25	95.00	59.00	9.0	4.2	8.5	32.5	4.3		

Note: EPS: This represents the earnings after tax for the full year divided by the number of shares outstanding. EPS half year: after-tax earnings per share for six months taking into account announced half-yearly profits. PE: ratio of market price to after tax per share. Yield: dividend as a percentage of market price.

Check out the pointers to an investment opportunity



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Clea-D

Lone winner

Cement companies continue to occupy number ne slot in investors'portfolio, their share rices having risen by over 10 per cent in May. or the contest under review (IC344) we have lone winner — Mohan Shetty. Congrats!

Scrips	Prices as on Friday 3 May 1991 (Rs.)	Prices as on Friday 31 May 1991 (Rs.)	Ranks
Birla Jute	230.00	280.00	1
G.A. Cements	158.00	172.50	3
Jaiprakash Ind.	33.25	35.50	5
Kesoram	96.00	100.00	6
Mangalam Cement	80.00	86.25	4
Modi Cement	15.00	17.50	2

Given here is a new list of six scrips, and their closing prices on 17 June 1991. Pick the share that you think will rise the most in percentage terms by 15 July 1991 and rank it number one. Then choose the one that you expect will rise the second most and rank it number two. Then number three, and so on till rank six. It's as simple as that!

So, in this Investor Contest, you don't have to predict the price of shares; you merely have to rank the performance (in percentage terms) on the basis of the prices you expect each to reach on 15 July 1991. You don't have to tell us the prices nor even the percentage changes you expect — only fill in the ranks from one to six.

Please note that if you assign the same rank to two scrips, then the following one should be ranked the next consecutive number. For example, if you rank two shares at number three, the next will be number four (in which case, of course, your last rank will be five).

les:

There is no entry fee.

The price mentioned last in the official otation list will be taken as correct for the rposes of calculation. If the stock ex-nge remains closed on the stated last , the closing price on the prior day will used.

Entries must be on the printed form given ow. Any other entries will be disqualified.

4. Only one entry will be permitted per form.

5. Envelopes sent in should be marked Investor Contest. All entries should be sent to: Investor Contest, **Business India**, Wadia Building, 17/19 Dalal Street, Bombay 400 001, by 5 pm, 11 July, 1991.

6. Business India's decision on the winning entries is final and binding, and no correspondence in this regard will be entertained.

7. The contest is open only to residents of India. No employee (or any direct relation of an employee) of the **Business India group of publications** is entitled to enter the contest.

8. The prize of Rs.5,000 will not be carried forward if there is no winner. In the event that there is more than one winner, the prize will be shared equally.

ne of scrip	Prices as on Monday 17 June, 1991 (Rs.)	Rank as on Monday 15 July, 1991 (please fill in number)
oda Rayon	480.00	
trol	293.00	
Gulf Fertilisers	34.00	
ind	115.00	
ndard Ind.	93.00	
Tea	331.25	

Name:_____

Address:_____

Age:_____

Profession:_____

Date:_____

IC347

PERFORMANCE IS LIMITLESS



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For Escorts, globalisation is a two-way perspective : bringing the best the world has to offer into India, and in turn, through world-class inhouse research and development, giving the world superlative products made in India.

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Today, our achievements have earned us the ultimate recognition of quality : shared export markets and buy-back agreements with virtually every one of our collaborators. Companies that include JC Bamford, Yamaha, Goetze, Faun, Claas OHG, Herion-Werke KG and Ford. Escorts products have found their way into virtually every major market in the world : from the Near, Middle and Far East to Africa, Europe and the Americas.

For Escorts however, all that has been achieved so far is merely a prelude. The time is here to deliver on the promise; to take a bold leap from acceptance to a formidable international presence. And as we move into the next century, the goal is clear. Nothing less than the global triumph of the power of performance.

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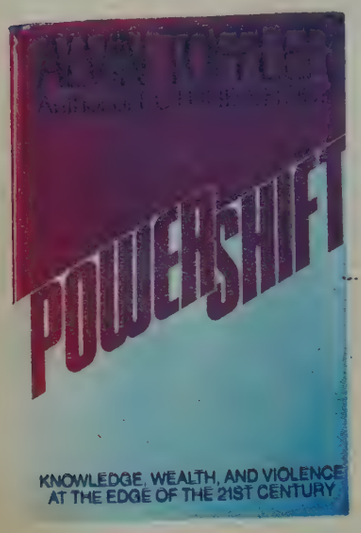
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The uses of information



POWERSHIFT
By Alvin Toffler
Bantam Books, November 1990, distributed by IBD, pp 585, Rs.325

Alvin Toffler has done it again. If *Future Shock* jolted us to the realities of change and *The Third Wave* sucked us into a new vortex of change, *Powershift*, the third part of this awesome trilogy, is guaranteed to fling us into a flight of change beyond one's imagination. *Future Shock* dealt with the process of change and how people and organisations try to orient to the new products and processes, a stressful transition of trying of cope with too much with too little reaction time.

This book influenced millions across the globe to ruminate on change itself — or so many facets of change that we tend to take for granted. *The Third Wave* focused on the direction of this change. *Powershift* is a deeper and more incisive study, a brilliant analysis of who will control change itself in the changed circumstances, and thus ultimately control not only the agents of change but the people and products of change. In short, to whom power will shift.

Spheres of power

In the last decade, we have witnessed entrenched ideologies collapsing, historical antagonists merging and established power bases eroding at the global level. *Powershift* probes deeper, into a more ordinary level, to pinpoint the equally significant shifts of power in the mundane world of people, business, politics, medicine, media and communications.

Toffler starts with three basic ingredients of culture — violence, wealth and knowledge — the three basic mosaics that constantly fuse, diffuse, merge, and coalesce into patterns. Mao Zedong had asserted, "Power grows out of the barrel of a gun"; an anonymous adage says, "money talks" and Francis Bacon was certain "that knowledge itself is power". These three ingredients form Toffler's volatile cocktail of power — muscle, money and mind. They have spawned history and civilisation, subsuming ideologies, culture, politics, economics and the destinies of men.

According to him the quality, quantity and distribution of power have been distinct in the three clear periods of wealth creation. In the first agrarian phase, the ownership of land, the hardest capital, bestowed power, wealth and clout. The second phase followed with the "smokestack era", when industrial power took over economies and the shift of people to industrial societies, power emanated from the manipulation of all forms of capital.

The third phase, the information phase, has brought us to a crucial springboard that will catapult whole societies into a totally new culture. This information phase includes all knowledge, art, science, moral values and misinformation, which will form the basic raw material for wealth creation. We have not even begun to understand the implications of this phase.

Knowledge has real high quality power and is, of the three sources of social control and change, the most versatile

A revolution is sweeping today's post-Bacon world no genius in the past could have imagined. As an example, Toffler traces the devaluation of doctor dominance — the god-in-a-white coat syndrome — that has undergone dramatic changes with millions of people having access to medical knowledge through print and TV. The second more telling example is that of the supermarket "checkout" battles, where for years customers waited patiently for items to be checked and billed. This was where the manufacturing giants like Lever, Nabisco, Gillette and Procter and Gamble held sway over retailers who had to stock their products.

On 3 April 1973, all this changed and power shifted to the consumers and the retailers when the universal product code, or bar code, came into being, allowing millions of products to be checked out faster and efficiently billed. "Now," says a chainstore owner, "we know as much, if not more than, the manufacturer about his product."

Grades of power

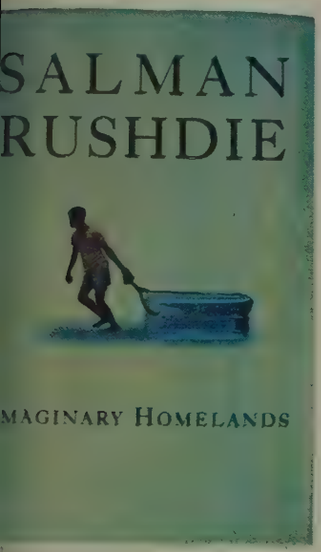
Power itself is gradeable — violence is actually a low-quality power, wealth a better quality of power (because payments and pay-offs can be custom-made). Wealth is more flexible than muscle, but it is still a "low octave" power. But knowledge has real high quality power and is of the three sources of social control and change, the most versatile. Claude Shannon and Warren Weaver, who helped found information science, couldn't have foreseen that knowledge would subsume all else, even those who have created it. Data is unconnected facts, information is classified data and knowledge is the most refined kind of information. It is this knowledge that will be manipulated by power seekers. Knowledge is infinitely reproducible.

By their very nature force and wealth are the bastions of the strong and rich, but even the poorest can have access to knowledge. For 300 years, we have witnessed political struggle over the distribution of wealth. Surprisingly, wealth is not the most maldistributed — power is. But in the coming years, the struggle will be over the distribution of knowledge. "This is why, unless we understand how and to whom knowledge flows, we can neither protect ourselves against the abuse of power nor create the better, more democratic society that tomorrow's technologies promise. The control of knowledge is the crux of tomorrow's worldwide struggle for power in every human institution," writes Toffler.

Powershift grips you with the "info wars", "tribal chiefs and commissioners" in board-room battles, the fascinating rise of para-money, with industrial espionage, and with the global "K-factor". It is recommended reading not just for the "I am with it" cocktail circuiters to use as conversational gambits, but to all those who are absolutely fascinated by the sweeping technological changes that man has heralded.

■ PADMA RAMNATH

Writer, whale and weighty essays



AGINARY HOMELANDS:
SAYS AND CRITICISM, 1981-1991
Salman Rushdie
anta Books, 1991.
stributed by Penguin India, pp 432,
295

the 70 essays in this volume, by far the st charming is *The Painter and the t*, the short tale of how an extraordi-ily enthusiastic professor from Ban-ore discovered a brilliant, bitter stract expressionist painter in the st. The professor displays his works to berts in Europe and propels the ob-re artist into much delayed acclaim. tale is dreamlike, but entirely true, man Rushdie tells us.

here are, in *Imaginary Homelands*, essays one expects from a multi-tural writer like Rushdie: on common-lth literature (or its non-existence), Raj revival, Indian and American ers, the migrant, a conversation with ard Said, plenty of comment on Rush-s old favourites — Grass, Calvino, quez — and a few rather tiresome ex-nations of sub-continental politics.

ushdie has often explained that the tral theme of *The Satanic Verses* is t he sees as the migrant condition, ticularly in the UK. It reappears in ral stories in *Imaginary Homelands* And, then, there are the Statements. are the god-*Verses*-*fatwa*-agony-essays which have generated un-pable reams of criticism, scholarly ction, debate, etc.

ere is also scathing contempt for the inued portrayal, and acceptance, of a formula colonial India — "the Mahatten-borough did allow a few Indians to be played by Indians" is a comment on Gandhi — and the perpetuation of artificially sepia-toned Raj kitsch courtesy Paul Scott and M. M. Kaye. The essay which contains these views, *Outside The Whale*, is intended to emphasise that literature and art cannot exist solely in isolation, in the belly of the whale.

Rushdie likes this acid remark attributed to Mahatma Gandhi who, when asked what he thought about English civilisation, replied: "I think it would be a good idea." This little quote which ends *The New Empire Within Britain*, certainly couldn't have endeared him to the Thatcherites. "British thought, British society, has never been cleansed of the filth of imperialism," writes Rushdie. He adds, provokingly, that the Third Reich was. Racism, both covert and overt, state-encouraged and individual, dominates this essay.

Novelist comes through

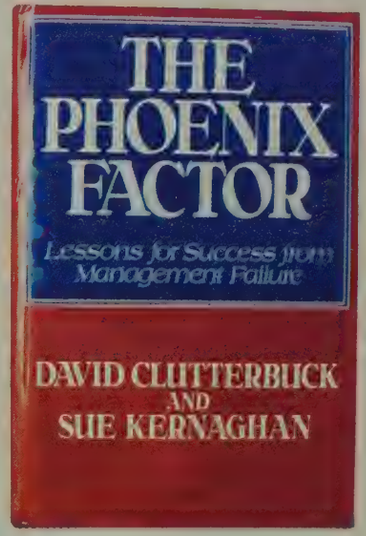
The latter sections also contain many short pieces on Rushdie's contemporaries and favourite authors. Here is the novelist as distinct from the angry social commentator. This section really begins with the enjoyable dialogue between Rushdie and Said, who "reads the world as closely as he reads books".

Further on, Graham Greene is discovered to be a prolific author of letters to editors; Le Carre's spies neither shake nor stir Rushdie; Bruce Chatwin (the Australian writer and Rushdie's dear friend) tells dingoes sick dingo jokes, then Rushdie tells us of Chatwin's travels and the outrageous ideas which formed Chatwin's last book, *Songlines*; he finds Fabulist Italo Calvino's stories mutating endlessly while Umberto Eco's semiotics form impenetrable labyrinths. Garcia Marquez and Vargas Llosa are in a section by themselves — Magic Realism occupies a sacred niche in Rushdie's mind.

As for the weighty essays, the juggernaut that is the *Verses* controversy continues to outdate explanations and refutations. The Muslim scholars who "reclaimed" Rushdie — leading to the *Why I Have Embraced Islam* essay — have cast him from faith again; the Ayatollah's son has renewed the two-year-old *fatwa*; and his wife has, after enduring two years of his exile, divorced him. The creator continues to suffer for the sins of his characters.

■ RAHUL GOSWAMI

Turnaround touch



THE PHOENIX FACTOR:
LESSONS FOR SUCCESS
FROM MANAGEMENT FAILURE
By David Clutterbuck & Sue Kernaghan
Weidenfield & Nicholson, 1990.
Distributed by UBS, pp 215, Rs.525

This book is about proud names like Donald Trump and Hugh Hefner of *Playboy* that collapsed in sudden catastrophe. It is also about stories of partial recovery to full turnaround which are remarkable like the phoenix that rose from its ashes.

The authors take their readers into the psyche of business killers and business winners. These are the men who strive valiantly, who err and may fail again and again because there is no effort without shortcoming. Toughness in business is pride, drive, commitment, and courage to follow things one believes in. It is knowing how to be a gracious winner, and knowing how to rebuild quickly when one loses.

The book shows ways for a partial to a complete turnaround by taking steps such as restructuring the organisation, cost reduction, selective product marketing strategies and repositioning.

Sumitomo of Dunlop Holdings identified four main reasons for his company's collapse — it lost its contacts with markets; it ignored the fact that acquisitions and mergers are not everybody's cup of tea; instead of looking for expansion it should have first put right its own operations; it should have kept its communications open with its people. Positive attitudes, commitment to winning, viable controls and open communication are the most important elements in adopting strategy that is tough yet flexible.

■ ARUN SEKHRI

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B.K. Birla
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A two-point agenda

one of his television serials, Bill Cosby's ughter does poorly in a science project school. She returns home and blames eryone in sight for her poor performance her younger sister for disturbing her, r mother for not letting her use the chen table, her father for releasing only) for the project. But Bill Cosby's rueful servation, "So a whole lot of other peo- ruined this project for you" shakes her t of her bout of self-pity.

Bill Cosby's daughter is the *alter ego* of Indian manager. She helps to identify two landmark challenges before the D profession — externalisation and ra- nalisation. The challenge be- e the HRD profession if it es for a creative turn- und is to undertake a vig- us and urgent marketing' of these traits. herto the profession has ap- d itself largely to the task of eloping people. The new is should be to develop peo- out of certain belief sys- s, thought processes and ntal modes that are ob- acting 'quantum' progress frightening way.



ernalisation

hop floor manager attrib- low production to absen- sm, union interference, hine maintenance or bad ther. A factory manager blames it on haziness of direction from corporate e, poor definition of objectives, incom- nt resources and faulty functioning by lecessors.

t any organisational level, on any issue, manager treats himself as the victim of agmire of problems. And he looks at roblems as something planted on him ociety, peers, superiors, subordinates, nology and other unknown agents. 'victim' syndrome is rampant and rooted amongst Indian managers workmen. The ease with which they ert responsibilities into virtually a that they carry is either the outcome me decadent social process or the cre- Indian genius. This trait of exter- ation has now become such a basic of the Indian pysche that even those cious of it are prone to unconsciously ise it.

This approach robs the most basic tool of management — accountability. When everyone is busy victimising himself, the organisation's moral authority to ask questions of its members is slowly eroded. As a result, standards get set at a level of least resistance and it becomes difficult to then redefine the parameters of performance.

The second impact it has is that it creates the 'conformity code' syndrome. For each function or identifiable group, there always exists a reason for anticipated non-performance. Similarly each function or group, over the years, finalises its list of reasons and those in the group who do not conform to this pattern are not 'team' players! Ostracism is in store for them. Those who claim ownership of a problem and blame themselves soon find themselves physically or psychologically ejected since the 'conformity code' dictates that the blame must always lie externally.

Rationalisation

The source of rationalisation could well be the inherent 'fatalism' in Indian belief systems. However, even that does not excuse the startling lengths one goes to in actualising this trait and the alarming, continuing damage it does.

A boss's explanation as to why an employee did not get promoted, invariably is, "The pyramid narrows at the top." Ask an HRD man why things are going wrong on the people front and he would say, "It's worse elsewhere." The worst form of rationalisation finds its shelter under providence, God and luck. For example, why does someone get the chance in preference to another? The answer: "Because he happened to be at the right place at the right time. It's all a game of luck, my friend."

Rationalisation can be defined as a process which carves out 'apparent' truths justifying the preservation of status quo. It is often sound logic, difficult to impeach or penetrate. While externalisation is lively and alert, rationalisation is deadening. Externalisation is a tool for self-preservation; rationalisation is a tool for slow self-destruction.

If organisational manpower planning commits the error of positioning such a resource in a critical leadership position, he will soon transform his team into a group that is plagued with self-doubt. Since no initiative gets taken and any change from the status quo is rationalised, soon everyone starts moving about carrying a load of self-doubt.

Self-doubt in those who are supposed to manage can have severe repercussions on the organisation. Those who are unable to contemplate effort or initiative thrive on self-doubt. They constantly goad everyone else into a situation where all the negatives on any proposed venture are brought out. They acquire the image of 'mature' managers who can 'think through' a problem. In such an environment, those who itch for action and change find themselves outclassed. They then make a choice. They either quit or rationalise.

Workmen and unions love rationalising managers. They soon learn to play upon the fears of those with self-doubt and always reject a progressive thought with the clever trade-off of not "upsetting the applecart". Over a period, the management loses the initiative and ability to take a lead in any thought process and depends on the union for all thought and action.

Indian corporate entitities are prevented from becoming internationally competitive when teamwork is blocked by externalisation and creativity gets obstructed by rationalisation. If the HRD profession can evolve creative methods by which these two traits can be eliminated people could become an instrument of achieving competitive advantage.

■ NALIN MIGLANI

Senior executive positions

A compilation of executive jobs advertised in **Business India** and other major publications between 3 June and 16 June 1991.

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- MANAGING DIRECTOR * Bombay * *Sal* International salary * *Age/Qlfn* 45-52 years * Should be a CEO with solid marketing-bias * *Reqd* NS * *Cont* MDPI/BPA/3078, B.P. Agrawal, Chairman, ABC Consultants Pvt Ltd, 43/3, Hazra Road, Calcutta 700019 (S - 9.6)
- MANAGING DIRECTOR * Delhi * *Sal* Excellent * *Age/Qlfn* 40-50 years * NS * *Reqd* Experience at senior level in corporate/profit centre * *Cont* MD15, P.J. Bahadu MD, Oman Consultants Pvt Ltd, 14-D Basant Lok, Vasant Vihar, New Delhi 110057 (ToI - 3.6)
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NATIONAL

- DIRECTOR (Finance) * NS * *Sal* No constraint * *Age/Qlfn* Around 40 years * CA preferably CS/ICWA * *Reqd* 15 years accounts experience * *Cont* Ms Pratibha Sheth, Executive Director, Shiputsi Consultants, P.O. Box 9386, Bombay 400026 (ToI - 11.6)
- GENERAL MANAGER (Information Services) * NS * *Sal* Attractive * *Age/Qlfn* Around 40 years * Degree in science/engineering/systems * *Reqd* 12 years in software/systems development including 5 as team leader * *Cont* GM/ISD, Director, Commercial Development, Cyanamid India Ltd, Nyloc House, 254, D-2, A.B. Road, Worli, Bombay 400025 (ToI - 11.6)
- GROUP TREASURER * NS * *Sal* Attractive * *Age/Qlfn* Early 40s * CA/MBA * *Reqd* Experience of treasury function in key financial position * *Cont* Confidential Code 155, The Executive Director, Reliance Industries Ltd, Maker Chambers IV, 222 Nariman Point, Bombay 400021 (ToI - 3.6)
- GENERAL MANAGER * NS * *Sal* No constraint * *Age/Qlfn* Early 40s * Chemical engineers/MBA * *Reqd* Experience of heading all-India industrial chemical sales * *Cont* Senior Vice-President (P&A), Reliance Petrochemicals Ltd, RPC House, 2nd Floor, Walchand Hirachand Marg, Bombay 400038 (ToI - 3.6)

WEST

- GENERAL MANAGER (Production) * Bombay * *Sal* Attractive * *Age/Qlfn* 40-45 years * Engineer/graduate from printing institute * *Reqd* 10-15 years experience in production including 5 in senior capacity * *Cont* The Managing Director, Tata Press Ltd, 414 Veer Savarkar Marg, Prabhadevi, Bombay 400025 (ToI - 11.6)
- GENERAL MANAGER (HRD) * near Bombay * *Sal* Attractive * 40-45 years * *Age/Qlfn* Post graduate degree/diploma in social work/science * *Reqd* 15 years experience in senior positions * *Cont* Anand Consultants, 914 Maker Chamber V, Nariman Point, Bombay 400021 (ToI - 11.6)
- GENERAL MANAGER * Bombay * *Sal* Attractive plus perks * *Age/Qlfn* 45 years * Technical and commercial discipline * *Reqd* Senior executive with experience in planning, logistics and material functions * *Cont* Director & Senior Vice-President (Personnel), Peico Electronics & Electricals Ltd, Shivsagar Estate, Block A, Annie Besant Road, Worli, Bombay 400018 (ToI - 11.6)
- CHIEF EXECUTIVE * Saurashtra, Gujarat * *Sal* NS * *Age/Qlfn* 35-40 years * Technical qualification in vanaspati/edible oil * *Reqd* At least 10 years experience in managing vanaspati/edible oil units * *Cont* Box 449363, Hindustan Times, New Delhi 110001 (HT - 13.6)

NORTH

- GENERAL MANAGER (P&A) * near Delhi * *Sal* Attractive * *Age/Qlfn* 35-40 years * MBA * *Reqd* At least 10-15 years experience at managerial level * *Cont* GMP/DEL/1220, A.K. Matta, Senior Manager, ABC Consultants Pvt Ltd, 209 Meghdoot, 94 Nehru Place New Delhi 110019 (HT - 10.6)
- GENERAL MANAGER (Marketing) * Punjab * *Sal* Attractive *Age/Qlfn* * Engineer with MBA in marketing * *Reqd* 15 years experience in acrylic fibre or similar industry * *Cont* Executive Director, Indian Acrylics Ltd, SCO 49-50 Sector 26, Madhya Marg Chandigarh (ToI - 11.6)
- GENERAL MANAGER (Corporate Finance) * Delhi/Bombay * *Sal* Attractive + perks * *Age/Qlfn* 35-40 years * CA/MBAs * *Reqd* Senior managerial experience in finance with 10 years in similar areas * *Cont* Director (Corporate), The Times of India, Bahadurshah Zafar Marg, New Delhi 110002 (ToI - 11.6)
- HEAD OF ACCOUNTS & TAXATION * Delhi * *Sal* Negotiable *Age/Qlfn* Around 40 years * CA * *Reqd* 10-15 years experience including 2-3 years in a similar position * *Cont* MS/4999, A.F. Ferguson Associates, Hansalaya, Barakhamba Road, New Delhi 110001 (ToI - 11.6)
- GENERAL MANAGER * Dewas, MP * *Sal* NS * *Age/Qlfn* NS * Graduate mechanical engineer * *Reqd* 10-15 years of relevant experience in a comparable automobile engineering organisation * *Cont* Executive Assistant, Gajra Bevel Gears Ltd, Corporate Office, 3/1 Race Course Road, Indore (MP) (HT - 14.6)

SOUTH

- CHIEF EXECUTIVE * Southern Metropolis * *Sal* In accordance with Companies Act * *Age/Qlfn* 45-50 years * Engineer * *Reqd* 2 years experience in manufacturing and allied areas * *Cont* The Chairman & Managing Director, Billimoria Consultants (P) Ltd 299 Ashok Hotel, New Delhi 110021 (ToI - 11.6)

OVERSEAS

- FINANCIAL CONTROLLER * Bahrain * *Sal* Over Rs.90,000 pm + perks * *Age/Qlfn* Around 35 years * CA, preferably from UK *Reqd* Experience in computerised environment * *Cont* MS/1037 Sharp & Tannan Associates, 87 Nariman Bhawan, Nariman Point Bombay 400021 (ToI - 9.6)

Executive positions

ToI — Times of India; *IE* — Indian Express; *H* — The Hindu; *S* — Statesman; *HT* — Hindustan Times; *ET* — Economic Times; *Econ* — Economist; *BI* — Business India

ATIONAL

WORKS MANAGER * South Gujarat * *Sal* Rs.1.25 lakh + perks * *Age/Qlfn* NS * PG in chemical technology/engineering * *Reqd* 8-10 years experience in pharmaceuticals * *Cont* K-210-S, ToI, Bombay 400001 (ToI - 3.6)

SENIOR MANAGER * NS * *Sal* No constraint * *Age/Qlfn* * Graduate in pharmacy/science/chemical engineering with PG in material management/business administration * *Reqd* 12 years experience including 5 years managerial experience * *Cont* The General Manager (P&A), Cadila Labs Ltd, 244 Ghodasar, Manimagar, Ahmedabad 380008 (ToI - 3.6)

REGIONAL MANAGER * Bombay * *Sal* Very attractive * *Age/Qlfn* NS * Management graduates/qualifications from shipping institutes * *Reqd* 15 years shipping agency experience * *Cont* MS/5692, A.F. Ferguson & Co, P.O. Box No.1786, Bombay 400001 (ToI - 3.6)

MANAGER (Mechanical services) * Kurkumbe, Pune district * *Sal* Best in industry * *Age/Qlfn* 35-40 years * Mechanical engineer * *Reqd* 10-12 years experience in a continuous chemical process industry * *Cont* Vice-President - HRD, S.M. Dyechem Ltd, SM Centre, Marol Naka, Andheri Kurla Road, Andheri (E), Bombay 400059 (ToI - 4.6)

PLANT MANAGER * *Sal* Rs.1.2 lakh p.a. * *Age/Qlfn* NS * Chemical engineer * *Reqd* 10-12 years relevant experience including 3 in managerial position * *Cont* The Personnel Manager, Lupin Laboratories Ltd, 193 Sector II, Shakti Nagar, Habibganj, Bhopal 462024 (ToI - 7.6)

COMPANY SECRETARY * NS * *Sal* Commensurate with qualification and experience * *Age/Qlfn* Around 35 years * CS and LLB * *Reqd* 7 years experience in reputed organisation * *Cont* Asst. General Manager (Administration), Lakshmi Machine Works Ltd, Perianaickenpalayam, Coimbatore 641020 (ToI - 8.6)

CHIEF FACTORY EXECUTIVE * near Calcutta * *Sal* Excellent salary + house + car * *Age/Qlfn* NS * Graduate chemical engineer * *Reqd* Should have over 20 years experience in refineries/petrochemicals/fertiliser plants * *Cont* Quest Consultants, 8/1 Chapel Road, Calcutta 700022 (S - 9.6)

MANAGER (Quality Assurance) * Eastern India * *Sal* NS * *Age/Qlfn* 35 years * Electronics/electrical engineers or M.Sc physics * *Reqd* Around 10-12 years experience in the cable industry * *Cont* A.Bose, Director, Quest Consultants & Engineers Pvt Ltd, 8/1 Chapel Road, Calcutta 700022 (S - 9.6)

MANAGER * NS * *Sal* Attractive * *Age/Qlfn* Chemical/mechanical/electrical engineer * *Reqd* 5-7 years in project department of a pharmaceutical/chemical company * *Cont* Managing Director, Torrent Laboratories Ltd, Torrent House, Ashram Road, Ahmedabad 380009 (ToI - 11.6)

MANAGER (Project Engineering) * Patalganga * *Sal* NS * *Age/Qlfn* NS * Mechanical/instrumentation engineer * *Reqd* Project experience in the petrochem, chemical/fertiliser industry * *Cont* Manager (P&A), The Bombay Dyeing & Mfg Co Ltd, DMT Plant, P.O. Box No.5, Patalganga 410220 (ToI - 11.6)

HRD MANAGER * Bombay * *Sal* Attractive * *Age/Qlfn* Around 35 years * PG in personnel management * *Reqd* 8-10 years experience in personnel management, HRD function * *Cont* MS/5696, A.F. Ferguson Associates, P.B. No.1786, Bombay 400001 (ToI - 3.6)

ACCOUNT MANAGER (Corporate Banking & Capital Markets) * Bombay, Delhi & Calcutta * *Sal* NS * *Age/Qlfn* NS * CA/MBA * *Reqd* Banking experience with 3-5 years * *Cont* The Director (HRD), American Express Bank Ltd, 109 Dalamal Towers, 211 Nariman Point, Bombay 400021 (ToI - 11.6)

- SALES MANAGER * Calcutta * *Sal* NS * *Age/Qlfn* NS * Electrical engineer * *Reqd* 10-15 years of relevant experience in cable/electrical engineering industry * *Cont* Code SMC/CAL/4111, ABC Consultants Pvt Ltd, 6A Middleton Street, Calcutta 700071 (S - 12.6)
- REGIONAL MARKETING MANAGERS * Delhi, Bombay, Madras & Calcutta * *Sal* Competitive * *Age/Qlfn* 30-35 years * Graduate, with PG in management * *Reqd* 8-10 years experience in consumer durables including 3-4 years in supervisory capacity * *Cont* The Manager (Personnel), Batliboi & Co Ltd, P.Box 479, V.B. Gandhi Marg, Fort, Bombay 400001 (ToI - 14.6)

OVERSEAS

- PRODUCTION MANAGER * Middle East * *Sal* Attractive + perks * *Age/Qlfn* Below 45 years * NS * *Reqd* 5 years as production manager in furniture factory * *Cont* Profession Profile, GPO, Box No.291, Bombay 400001 (ToI - 9.6)
- INTERNATIONAL BUSINESS DEVELOPMENT MANAGER * Asia * *Sal* Competitive * *Age/Qlfn* NS * 4 years college education, with emphasis in marketing, business or life science * *Reqd* 5-8 years sales and marketing/general management experience, preferably pharmaceutical industry * *Cont* W. Brainard, C/o Allergan Inc, 2525 Dupont Drive, Drvine, CA 92715 USA, Equal Opportunity Employer (ToI - 9.6)
- FINANCE MANAGER * Gulf * *Sal* Very attractive, tax free * *Age/Qlfn* 35-40 years * CA/MBA * *Reqd* 5-6 years relevant exposure at similar level * *Cont* FM/DEL/1219, ABC Consultants Pvt Ltd, 206 Meghdoot, 94 Nehru Place, New Delhi 110019 (ToI - 13.6)
- TECHNICAL MANAGER * Saudi Arabia * *Sal* NS * *Age/Qlfn* NS * CII + degree * *Reqd* A thorough working knowledge of all aspects of underwriting and claims handling * *Cont* The General Manager, Gulf Union Insurance Co, Saudi Arabia, P.O. Box 5719, Dammam 31432, Saudi Arabia (ToI - 16.6)
- PURCHASE MANAGER * Oman * *Sal* NS * *Age/Qlfn* NS * MBA * *Reqd* 6 years experience with a reputed construction group * *Cont* The Personnel Manager, P.B. 4880, Ruwi, Sultanate of Oman (ToI - 16.6)
- FINANCE MANAGER * Thailand * *Sal* Good + house + car * *Age/Qlfn* NS * CA * *Reqd* 5-10 years experience with PC base * *Cont* Gherzi Eastern Ltd, Neville House, J.N. Heredia Marg, Ballard Estate, Bombay 400038 (ToI - 16.6)



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Our Clients – a fast-growing reputed Group with an asset base of over Rs.1000 crores – are committed to expansion by widening their involvement in the agricultural sector and through comprehensive farmer service. They wish to establish modern seed research, production and processing facilities for marketing seeds in the domestic and export markets. For setting up this comprehensive project, they need an individual of outstanding ability for above-mentioned position to initiate, plan, organise and implement the Project.

The Chief Executive will be thoroughly conversant with seed technology, related Government regulations and marketing methods and strategies. He would have successfully managed and run a seed business of a sizable scale. He should be capable of identifying possibilities of collaboration with seed producers abroad for production and export.

The selected candidate will possess a good degree in agriculture or engineering with 10-15 years of experience in this business. He will be capable of coordinating, motivating, and leading his team of men drawn from different disciplines. A strong commercial flair and outstanding integrity are basic requisites. Preferred age is 40-45, but can be relaxed.

The position will be suitably designated in keeping with the high entrepreneurial and managerial skills it calls for.

The compensation package will be comparable to the best in the country for position of this seniority and responsibility, and will not be a constraint for the right candidate.

Please apply within 15 days to:

Mr. G.T. Shahani,
Chairman,

Apex Management Consulting Group Private Limited,
C-1, Rams Square, 2, Village Road, Madras 600 034.

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We have been retained by a large industrial group of national repute, for the selection of a

CHIEF EXECUTIVE

for one of their major companies located in a Southern Metropolis. The search is on for a dynamic result-oriented Chief Executive with a flair for excellence, a proven track record in senior positions and ability to motivate a team of senior professionals.

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He should be 45-50 years of age, a graduate in engineering with at least twenty years experience in manufacturing and allied areas. While experience in general management is essential, a background of foundry technology and exposure to running a modern medium-to-large sized Grey Iron, SGI or Aluminium Foundry is desirable.

RESPONSIBILITIES:

The Company, which is a market leader, has ambitious plans for further growth. To this end, it will be investing in upgrading of technology and capacity. The incumbent will be responsible for actualising this and for achieving targetted production and profits.

EMOLUMENTS AND PERQUISITES:

Will be in accordance with the provisions of the Companies Act.

Applications, which will be treated in strictest confidence, should give the following information without which they will not be considered:

Details including educational qualifications, age, work related experience mentioning name of employer, designation held, present emoluments, etc. along with copies of certificates and passport size photograph. The application may be sent within twenty days to:

Chairman and Managing Director
Billimoria Consultants (P) Ltd.
299 Ashok Hotel NEW DELHI - 110 021

AAL

Shilputsi

Shilputsi Consultants have been retained to recruit a

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Our client is a well known group in the chemical industry with a turnover of more than 200 crores. They have major plans for diversification and expansion including expanding a large existing international business.

The Job: The Director – Finance will be responsible for managing the finance function at the corporate level. This will include evolving policies, procedures and systems, preparation of annual reports, dealing with financial institutions and overseeing the divisional accounting functions. The company secretarial & legal functions will report to him.

Qualifications: C.A. with a minimum of 15 years' experience in accounts, finance, company law and taxation. Candidates with C.S. and ICWA will have an added advantage.

Age: Around 40 years.

Remuneration: Remuneration will be commensurate with this top management position and will not be a constraint for the right candidate.

Please apply in strict confidence to:

Ms. Pratibha Sheth,
Executive Director,
Shilputsi Consultants,
P.O. Box No. 9386,
Bombay-400 026.

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(GROUP COMPANY, STEEL TUBES OF INDIA)

TO A

GENERAL MANAGER

DELHI HEAD OFFICE

THE COMPANY

STI International Ltd. is a leading international agency house involved in import/ export trade.

The Company is involved in diverse business activities like –

EXPORT – Ferrous & non-ferrous metals, engg. items, marine products, handicrafts & textiles etc.

IMPORT – Ferrous & non-ferrous metals, chemicals, commodities, plastics, telecom & power equipments.

PROJECTS – The Power Sector

The above activities are being done in close association with leading trading houses in Japan, Korea, Europe, UK etc.

THE JOB

To assist the Executive Director of the Company in existing business channels, co-ordinating with branch offices, liaising with foreign principals independently. He will also be responsible for further diversification and enlargement of business areas/volumes.

He will provide advice and guidance to a team of professionals in the head office and branches.

QUALIFICATIONS

The Company is looking for an experienced professional with a high degree of analytical and conceptual skills, having around 10-15 years experience preferably in International Trading. The incumbent should be in the age group of 35-40 years preferably with an Engineering background, and an M.B.A.degree.

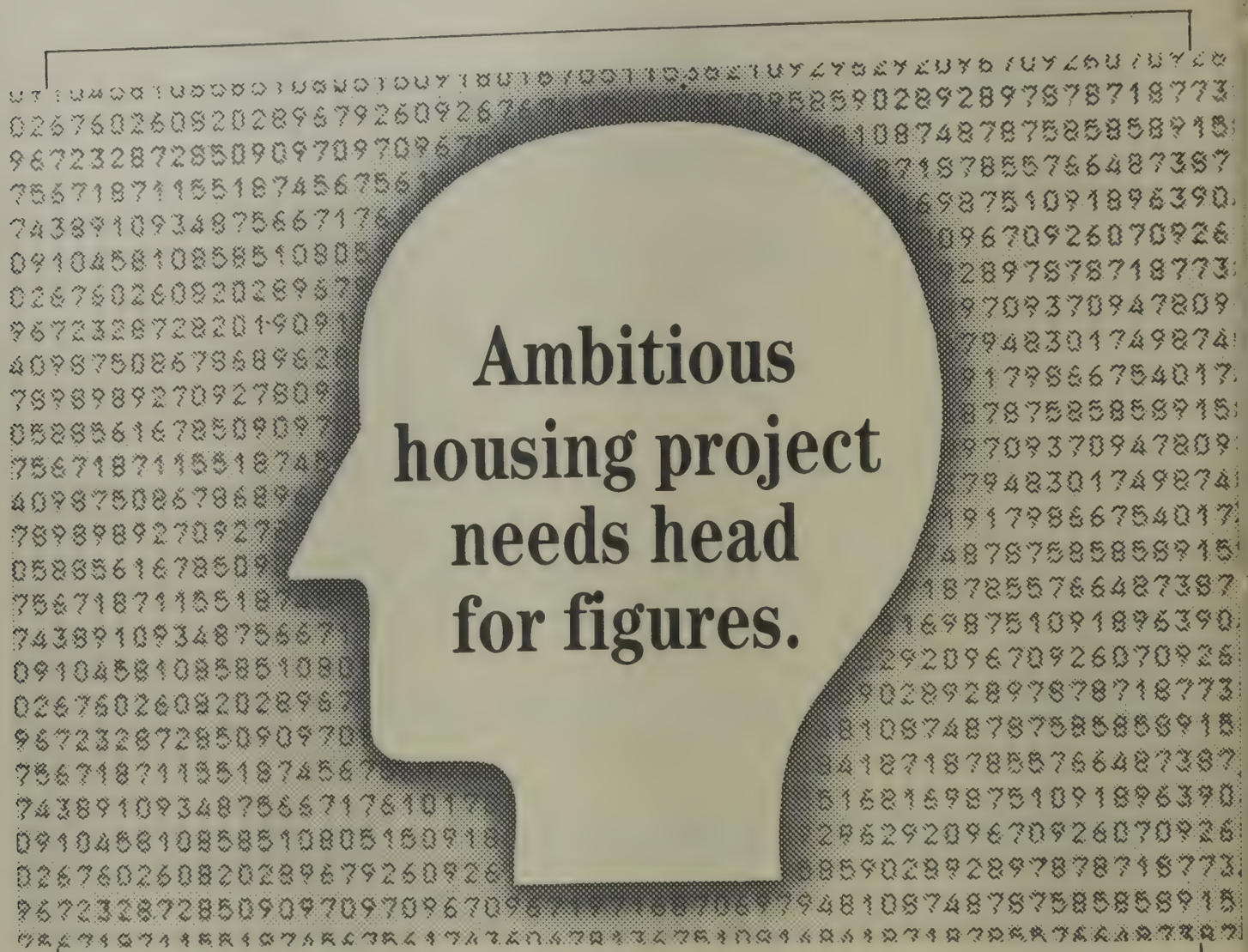
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Very attractive salary and perks, commensurate with qualification and experience. No fixed limit.

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At NEW-AM, we are undertaking an ambitious project to provide quality housing at affordable prices. It is our belief that everyone's house should be a thing of beauty-elegant, well engineered, and in harmony with nature. We will also be offering finance services to our customers, and have a number of pathbreaking ideas to bring housing within the reach of the middle income group. To help us achieve this aim, we require a person of exceptional quality to head our finance division.

MANAGER, FINANCE

Chartered Accountant with extensive experience in project finance. Experience in construction industry preferred.

New Era Urban Amenities Limited
Thiru Complex
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GENERAL MANAGER — MANUFACTURING

(Industrial Rubber Components)

An Indian Associate of a well known engineering company requires a General Manager — Manufacturing for its diversification plans.

The candidate should be a Chemical Engineer or a Rubber Technologist with about 10 years of experience in a plant manufacturing rubber and rubber bonded metal industrial components. Knowledge of natural and butyle rubber as well as Acrylonitrile and Fluoro-elastomers is essential.

The position reports to the President and the incumbent will initially be posted in Bombay, but eventually at the plant site. He will be responsible for implementing the project including co-ordination with collaborators with regard to transfer of technical know-how for manufacture of the products. On completion of the project, he will be responsible for manufacturing activities of the plant to be located in Western India. The job entails frequent travelling to Europe.

The compensation package will be around Rs.1.25 lakhs, but is negotiable and will not be a limiting factor for the right candidate. The package will include HRA or housing, Company car, LTA, Medical, retirement and other benefits.

Preferred age: 30-40 years.

Please apply in strict confidence to:

Box No. AA/347/LS/1,
Business India,
Wadia Building,
17/19 Dalal Street,
Bombay 400 001.

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We are humble yet proud of the fact that we are well known for our widely diversified business portfolio. We are looking for professionals with talent, expertise, and experience to build and strengthen a positive corporate image of our Group, contribute to our growth and assist us in speedy implementation of our diversification and expansion plans, as our

MANAGER – Corporate Affairs

at Bombay, Calcutta & Jaipur.

We are a Rs.100 Crore Group of Companies with a widely diversified business portfolio ranging from non-ferrous metal, steel, pharmaceuticals, engineering, thermoplastics, paper mill, textile mill and jute mill accessories, to management consultancy services.

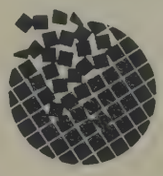
The position therefore requires candidates with a proven track record in the field of PR, Government liaisons, and having knowledge of Central/state government procedures/regulations, etc. Candidates should be preferrably in their 40s with pleasing personality.

Attractive remuneration package awaits the right candidates.

Please apply in strict confidence with two references and recent passport size photograph, superscribing the envelope with the Code: RT/6/91, & your station preference to:

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C/o Sunil Synchem Limited
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New Delhi – 110 019

Core



DIVINE MARKETING (BOMBAY) PVT.LTD.

GENERAL SALES MANAGERS

BOMBAY DELHI CALCUTTA MADRAS

The company is engaged in marketing the well-known **Amity** brand of perfumes. These perfumes, developed at the well-equipped Amity laboratory and R&D centre, are based on international fragrances and are manufactured in a modern plant near Bombay. Amity perfumes are aimed at India's vast middle-income group and offer consumers international quality perfumes at affordable prices. The products have been successfully launched in Maharashtra, Gujarat and Goa, and will soon be marketed nationally. Amity perfumes are also exported to Europe and the Middle-East.

The General Sales Managers will head their respective branches. Each region will operate as a profit centre and the incumbents will be responsible for the overall performance of their regions. The total Indian market for perfumes can absorb production worth Rs 200 crores annually, but the market for branded perfumes is new and the incumbents face the challenge of developing this potential. At the moment, the Company does not have infrastructural facilities in these regions and these will have to be set up. This entails organising offices, recruiting sales teams, and appointing distributors. The positions are based in the metros but the jobs entail extensive travel.

Candidates should be graduates in the age group 35-40. Post-graduate management qualifications are not essential, but will be an added advantage. Experience of at least five years in independent regional charge of marketing soft consumer products is necessary. Preference will be given to those who have such experience in cosmetics and personal hygiene products. Candidates should be fully conversant with all aspects of branch management and should be fluent in English and the local languages of the region. Ability to motivate and lead a sales team is essential.

The remuneration and perquisites offered will match the best offered by the Industry.

Applications mentioning salary currently drawn and now expected may be sent in confidence to the Vice-President (Marketing), Divine Marketing (Bombay) Pvt Ltd, 421 Kewal Estate, Senapati Bapat Marg, Bombay 400 013.

Our Client is a large diversified Multiunit/Multicompany group of over Rs. 900 million turnover and units located all over the country. Each unit has a distinct organisation with an absolutely independent Management Structure, operating within the corporate philosophy of Total Quality aimed towards absolute customer satisfaction.

To meet the expansion and growth plans for two of the Group's units located in prime cities, we need the following –

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This is a Profit Centre Head position. The present turnover of one unit is Rs. 50 crores and the turnover of the second unit is over Rs. 15 crores. The Prime focus is on upgrading technology and sustain market leadership.

We are looking at dynamic result oriented business managers. An established performance base in a professionally managed firm is a must. Exposure to more than two functional areas including commercial operations is desirable.

GENERAL MANAGER MANUFACTURING

The job entails strong techno – commercial background with emphasis on technical skills mainly in the Electrical, Mechanical and Metallurgical engineering disciplines.

GENERAL MANAGER COMMERCIAL

The assignment comprises complete responsibility of the purchase function. The incumbent will be dealing with large budgets for buying and selling of a variety of products/commodities. The position reports to the Chief Executive.

We are looking at maturity and creativity in managing the internal and external environments. The selected candidates should be prepared to work at any of the Group locations. The desired age profile is between 40 to 50 years.

The Compensation and perquisite package will be designed around the selected candidates. The terms are to attract and motivate the finest talent.

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CONSUMER PRODUCTS

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Our client is one of the leading multi-product, multi-divisional Saudi Groups with a turnover of over US $ 400 million.

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US $ 4,000 p.m. + perks

Successful candidate is expected to be an MBA from a reputed Indian or overseas business school with 15 years senior level experience in marketing of consumer products. At least 5 years experience must be as head of marketing with total responsibility for sales, product management, marketing services and distribution in a medium/large sized company of repute, ideally in food or dairy products. Our clients are looking for a high profile marketing professional with strong conceptual and analytical skills and notable product successes to his credit. Preferred age group: 35 to 45 years. **(Ref.No.NKM/F-4258)**

PRODUCT MANAGER

US $ 2,000 p.m. + perks

Ideal candidates are expected to be MBA's from IIM/XLRI with 5 years experience in marketing of fast moving consumer products in professional/multi-national companies. At least 3 years experience should have been in product management. They must have strong analytical and creative capabilities. Preferred age group: 27 to 32 years. **(Ref.No.NKM/F-4259)**

BRANCH SALES MANAGER

US $ 1,500 p.m. + perks

Suitable candidates are expected to be MBA's from reputed institutions with 5 years field sales/ branch management experience in leading consumer product companies.
Preferred age group: 27 to 32 years. **(Ref.No.NKM/F-4260)**

These are excellent opportunities with ample growth prospects for the right candidates.

Apply in strict confidence mentioning contact telephone number and quoting relevant Ref. No. to:

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Post Box No. 106 G.P.O. Bombay-400 001.

Diason

Pearl Polymers a Multi location company, leaders in Stretch Blow Moulding, makers of PEARLPET jars and bottles and part of Pearl Group of Companies with varied interest in manufacture and export of garments, construction etc. with a combined turnover of Rs. 80 crores is now on look out for the following vacancies to strengthen its management structure :

GENERAL MANAGER MARKETING

(Age : Around 40 Years Location : Delhi) (Code GMM)

Selected candidate will look after all the Marketing, Sales, Distribution and Market Development functions. He would be responsible for developing and implementing of marketing strategies and building up the marketing support functions. The entire sales and distribution organisation would report to him. He would also be responsible for achieving target oriented goals and be able to lead an All India team of about 100 people.

Candidates should have had around 15 years of marketing and sales experience out of which atleast 5 years should have been at an all India level in a company having extensive institutional sales and an All India dealer net-work.

The applicant should preferably be MBAs with strong leadership, creative and analytical abilities.

GENERAL MANAGER FINANCE

(Age : Around 40 Years Location : Delhi) (Code GMF)

The incumbent would be responsible for Finance and Accounting Function, including Financial Accounting, Costing and Budgeting, Working Capital Management, Banking, Indirect Taxatioin, and Management Reporting System for the company. He should be able to laise effectively with Banks and financial institutions and Govt. Agencies. The candidate should have distinct ability to motivate and develop systems and work in close co-operation of the peer group.

The ideal candidate would be a qualified Chartered Accountant/MBA (Finance), with about 15 years experience in Financial Management of which atleast 5 years should be in senior managerial position in an multi locational organisation of repute.

GENERAL MANAGER TECHNICAL

(Age : Around 40 Years Location : Delhi) (Code GMT)

The incumbent would be responsible for all the technical aspects of production, maintainence and development activities of all the manufacturing activities of the company. Setting up policies, monitoring, upkeep of Plant and Machinery, Plant Productivity, Development of Vendors for Moulds and Parts specification and Sourcing of Capital Equipment shall be other functions with which the candidate should be well versed with.

The ideal candidate should be an Engineering Graduate and preferably in Mech. Engineering or Plastics Technology, with about 15 years experience in Plastic Processing industry with strong leadership and creative abilities.

Compensation package would not be limiting factor and would compare favourably with the industry norms.

Interested candidate should send their resume within one week to :

THE CHIEF EXECUTIVE
Projects Planning & Personnel

PEARL Polymers Limited

1002, Rohit House, 3-Tolstoy Marg, NEW DELHI - 110001

MOTOROLA

Motorola is a leading U.S. Multinational Corporation engaged in the manufacture of Communication Systems, Equipments and Electronic components. The Company is a leader in Product Quality and known for its strong business ethics and aggressive professional management practices.

Motorola is now setting up a 100 per cent export oriented Software Design Centre in Bangalore and wishes to recruit,

GM SOFTWARE CENTRE

The ideal candidate would be an MBA, B.E. Electronics or Computer Sciences Graduate with 12 to 15 years in software development and management to real time software development. Thorough understanding of software business and exposure to commercial and administration aspects of software business is necessary.

This position reports directly to the Managing Director. The GM will be responsible for managing, and training professional software developers engaged in the development of real time embedded software and software quality engineering. The GM will develop and implement software development plans including scheduling, budgeting and resource allocation for a variety of products and will be responsible for delivering high quality software.

FINANCE MANAGER

The ideal candidate would be a C.A., ICWA or equivalent with post graduate qualification. Those with Company Secretary qualifications would have an advantage.

He should possess more than 10 years' experience in broad financial management of which at least several years must be in head of department position, with hands-on experience on tax, treasury and investment matters.

This is a very senior position and the appointee will be responsible for all Corporate Finance activities in the country which will include accounting, tax, treasury and investment matters and will act as the controller for all Motorola owned or managed businesses in the country. He would also act as the financial liaison and in-country financial analyst for non-Motorola managed business.

COMPANY ACCOUNTANT

The ideal candidate would be a C.A., ICWA or equivalent with 6 to 9 years all round financial administration experience with strong project accounting background. Preferably, having worked in a supervisory position in USA multinational environment and/or in software development company. Those with hands-on experience of computerised financial systems would have an advantage.

He would report to the General Manager of the Software Design Centre and would be responsible for the overall financial administration of the Software Design Centre. The job would entail preparing, maintaining and reporting of the company accounts, project accounting and job pricing, budget planning and control, payroll, payables, internal control, etc. Appointee is expected to be a self-starting individual contributor.

The compensation package will commensurate with qualifications and experience and would be at par with world class organisations.

Please forward your application in strict confidence within 15 days to:

TOPNOTCH
SELECTION AND PLACEMENT SERVICES
202 Saqib III Turner Road
Bandra (W), Bombay 400 050

INDIA
TOGETHER WE'LL MAKE IT TECHNOLOGY WORK
MOTOROLA

TYRE INDUSTRY

Our client is a Rs. 70 crore turnover company of Northern India currently executing an ambitious expansion programme. This programme envisages to boost company's turnover to Rs. 150 crore in the coming two years and includes induction of dynamic marketing professionals who can spread and intensify marketing operations of the company. The company needs :

ALL INDIA MARKETING MANAGER

The candidate should be a hardcore marketing professional, preferably from Tyre Industry, with 10-12 years marketing experience out of which 5 years should have been as Head of Marketing Department in a company of national repute. He should be an Engineering Graduate/Graduate with MBA or have a proven track record of market successes in Tyre Industry.

The incumbent will develop short-term and long-term marketing strategy for company's products. He will evolve the right mix of product planning, strategic pricing, aggressive sales policies and promotion to organise sale of company's products through a network of Branch Sales Offices, Consignee Agents and Dealers. He will build and motivate a team of Branch Managers and Sales Representatives to significantly enhance company's market share.

The incumbent will be based at the corporate office of the company and will report to the Managing Director. The job offers long-term career prospects, attractive salary and perquisites comparable to the best in the industry.

Preferred AGE: 32-40 Yrs.

BRANCH SALES MANAGERS

(U.P., TAMIL NADU & ANDHRA PRADESH)

Candidates should be Graduate in any discipline, preferably with a degree/diploma in Management/ Marketing. They should have minimum 5-10 years relevant experience preferably in Cycle Tyre Industry.

The candidates will be required to lead and motivate a team of Sales Representatives to effectively implement marketing strategy of the company and achieve pre-defined sales targets. They will develop a close-knit network of Dealers and be responsible for sales-accounting, collections and all commercial operations at the Branch Level. They will run the Branch as Head of a profit centre and will report to the Marketing Manager. Knowledge of regional language is essential.

The selected candidates can look forward to an exciting career which offers excellent growth opportunities and a lucrative remuneration package.

AGE : 30-35 Yrs.

Interested Candidates may please apply in strict confidence within 15 days sending with resume all testimonials and a recent passport size photograph to :

S.K. THAPAR, Chief Executive

THAPAR & ASSOCIATES
MANAGEMENT CONSULTANTS.

A-187, Lajpat Nagar-I New Delhi-110 024. PHONE : 6845262

Wanted :
Three "hands - on" visionaries.

The Job :
Successful direction setting through creative leadership.

The Challenge :
Spearhead India's second plastics revolution.

The Company :
Polymechplast Machines Ltd.

The Location :
Baroda.

The Terms :
The best in the Industry.

Polymechplast Machines Limited (PML) is the flagship of the Plastico Group of Companies. The group is acknowledged to be India's leading manufacturer of Plastic Injection Moulding / Blow Moulding Machines and particularly well-known since last thirteen years for successful manufacture of Two colour machines.

PML has dynamic, far-sighted plan to manufacture and market hi-tech Injection Moulding Machines, through a multi-crore foreign collaborated expansion project. With the active assistance of proven professionals like you PML plans to spearhead India's second plastics revolution.

GENERAL MANAGER

You will be the boss. Your experience and maturity developed from managing a large/medium engineering industry has built in you an overall responsiveness. You have an attitude that believes anything is possible. And into your capable hands we shall place PML's visions and strategic intents. You will lead your team through innovative strategies, take complete charge of the existing and new projects and make it operate as an independent profit centre.

CHIEF MARKETING MANAGER

Having handled high value capital equipment at an All India level, you have developed the uncanny ability to be in the right place at the right time. You are a born negotiator and your strategic skills and planning abilities have given you an excellent track record of success. You are the man PML's machines need, to market and put them to work all over India and abroad.

WORKS MANAGER

You are engineered to perform with a committment to excellence that has earned the admiration of production and executive teams at medium/large engineering units over the last five to ten years. You have a proven track record at a senior level of managing man-machine-resources and exposure to PPC / QC / Materials Mgt. / M/c shop etc. You are the person this project needs to realise its true potential as a major event in the advent of India's second plastics revolution.

If you think what PML have visualised and what you are, match perfectly, please rush your detailed resume with a recent pass-port size photograph with in 10 days to :

The Managing Director

polymechplast
MACHINES LTD

Gold Coin House, 772-76, G.I.D.C.,
Makarpura, Vadodara-390 010.
Tel. : 42038, 43211, Telex : 0175-633 GOLDIN.

TV ADS 110691

ABC's major specialisations include Corporate Consultancy

LEADING GULF GROUP

We have been retained by one of the **largest business groups** in the **Gulf** to assist in the selection of the following functional heads for managing a newly awarded automobile franchise.

MANAGER - VEHICLE SALES

The incumbent will be responsible for effectively leading a team of sales and marketing personnel and ensuring a **high market share** for the new franchise which has an excellent range of passenger cars and commercial vehicles. He would also be responsible for all aspects of sales planning, ordering, negotiations with principals, branch network co-ordination, sales promotion and receivables management.

Candidates should preferably be engineering graduates with a post-graduate degree in business management from reputed institutes such as IIT/IIM and with 5-10 years experience of sales of automotive products at a senior level. Code: MVS/DEL/1216

MANAGER - SPARE PARTS

The incumbent will be responsible for **all aspects of spare parts operations** including ordering, inventory control, negotiations with principals, pricing, sales and distribution. Effective management of the sales force, establishing an optimal distribution network, inventory and receivables management would be key tasks.

Engineering degree with at least 10 years of exposure to spare parts management in the automotive industry is a must. Code: MSP/DEL/1217

SERVICE MANAGER

The incumbent will be responsible for all workshop operations including servicing, aggregate overhauls, accident repairs and major repairs. In addition to managing a large workshop, he would be interacting with customers & principals at all levels on various technical matters. Excellent man-management skills, **an in-depth understanding of automotive products** and a practical approach to problem solving are essential pre-requisites.

Candidates should be degree/diploma holders in mechanical/automobile engineering with around 10 years experience of managing service operations in a large automobile company. Code: SM/DEL/1218

FINANCE MANAGER

The incumbent will be responsible for **funds management,** credit appraisals, internal control system improvements including controls on computer, MIS feed back to top management, **cost control measures** etc. Candidates should be CA/MBAs with minimum 5-6 years relevant exposure at similar level preferably in a computerised environment. Code: FM/DEL/1219

Preference will be given to candidates who are holding senior positions in large engineering, preferably automobile companies. Preferred age for all positions will be around 35-40 years.

The first three positions are for profit centre heads and would suit result oriented persons with a long term perspective. **Very attractive tax-free salaries having considerable saving potential** with fully furnished housing, company car, annual leave travel facility for self and family, medical, gratuity etc. would be offered to the right candidates.

Please apply in strict confidence within 10 days enclosing a detailed resume with a passport size photograph quoting relevant job title & code.

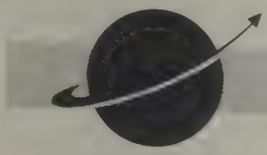
ABC CONSULTANTS PRIVATE LIMITED

209 Meghdoot, 94 Nehru Place, New Delhi-110 019.

New Project Development • Techno Economic Feasibility Study • Takeovers

SWOT Analysis • Organisational Restructuring • MIS • Manpower Audit & Planning

Salary Survey • Managerial Appraisal



TATA ELXSI. TOWARDS BEING THE BEST.

At Tata Elxsi, we constantly measure ourselves against the best in the industry.

Which means our people don't work to fixed standards. They work at setting new ones for the rest to follow.

Helped by the fact that our aim is to emerge as the technology leader in computers, by bringing to India the world's most powerful multi-processor RISC systems.

We now require outstanding professionals for some key positions at Bangalore.

At Tata Elxsi, people aren't limited by standards.

Chief of R & D

You will play a key role by strengthening the company's technological edge. By initiating new product development. Updating products to provide better solutions to our customers. Building relationships with the production and marketing departments. Keeping abreast of international developments. And, naturally, motivating your team of high calibre professionals by personal example.

You would ideally have a Ph D in Computer Science, and at least 12 years related experience in R & D. International recognition in the field would be an advantage.

Manager - TQM

You will head the Total Quality Management programme, and be responsible for improving the quality of all interactions within the organisation, applying TQM concepts to enhance overall efficiency.

You would be an Engineer with an MBA, with at least 5 years' experience in a relevant capacity.

Manager - MIS

You will be responsible for the planning, co-ordinating, designing and implementing of all computerised information systems within the company, with the primary objective of improving the company's internal and external performance.

You would be an MBA with around 8 years experience in a similar capacity, preferably with exposure to the field of Organisation and Methods.

Manager – Finance

You will be responsible for all aspects of Financial Accounting, Treasury functions and Taxation at the Corporate level. You should have the ability to establish procedures and systems and refine them on an ongoing basis.

You would be a CA/ICWA/MBA with around 8 years experience in a similar capacity and be familiar with computerised accounting procedures.

If you think you are the kind of person we are looking for, call or write within 10 days to:

TATA ELXSI

Mr. K. Kuppuswamy
Manager – Services
Tata Elxsi (India) Ltd
Subharam Complex
144 Mahatma Gandhi Rd
Bangalore 560 001
Phone 544163

POWER BEYOND COMPUTING.

CAREERS WITH Maharaja WHITELINE APPLIANCES

We are now diversifying into manufacture and marketing of consumer durables. The MAHARAJA 'WHITELINE' range of products are manufactured in collaboration with Siltal Casa s.p.a., Italy, using state-of-the art technology at our modern plant at Shahjahanpur, Rajasthan. In the very first year we are confident of achieving a turnover of over Rs.80 crores.
To strengthen our marketing team, we need the following personnel:

MARKETING MANAGER
The incumbent should preferably be an MBA from a renowned institute with at least 5 years experience in marketing consumer durables at the national level.
Age: 35 to 40 years.

SALES MANAGER
Should preferably be an MBA with at least 5 years experience in institutional selling including Government Departments like DGS&D, CSD, etc.
Age: 30 to 35 years.

PRODUCT MANAGER
Should be an MBA with at least 5 years experience in marketing consumer durables.
Age: 30 to 35 years.

SERVICE MANAGER
Should be a Mechanical/Electrical Engineer with at least 5 years experience in organising after sales service of consumer durables at the national level.
Age: 35 to 40 years.

SYSTEMS MANAGER
Should preferably be a Graduate Engineer or an MBA with at least 5 years experience in Software Development or Management.
Age: 30 to 35 years.

SALES ENGINEERS/EXECUTIVES
Should preferably be an MBA or a Graduate Engineer with 2 years experience in marketing consumer durables.
Age: Around 25 years.

SERVICE ENGINEERS
Should preferably be a Graduate Engineer with 2 years experience in supervising the after sales service of consumer durables.
Age: Around 25 years

Please apply in confidence within 10 days stating all details about your educational qualifications, experience, salary drawn and salary expected, alongwith your recent photograph to the :

EXECUTIVE DIRECTOR (MARKETING)

MAHARAJA INTERNATIONAL LIMITED

21/51, Old Rajinder Nagar, New Delhi 110060.

Anthem/MIL/1140/3

NTPC
नेशनल थर्मल पावर कारपोरेशन

National Thermal Power Corporation Ltd.

(A Govt. of India Enterprise)

NTPC—a premier public sector enterprise in power utility is engaged in construction and operation of a chain of Super Thermal and Gas based power stations spread all over the country.

*NTPC—has ambitious plans for making rapid strides in the areas of **EDP** and **Environmental Engineering** consistent with the latest technological trends matching with Corporate objectives and is on the look out for professionals of proven competence and capability in these areas for appointments as:*

GENERAL MANAGERS

FOR CORPORATE CENTRE, NEW DELHI

GENERAL MANAGER (EDP)

The incumbent will head the EDP Group and provide leadership, manage and motivate a team of informatics professionals with a view to evolve total informatics management environment congruent with Corporate Objectives. He will assist the Top Management in evolving perspectives and policies for the Company in the field of informatics. The responsibilities cover all aspects of information net-work management, viz., computer/telematics, hardware acquisition and operation, application and systems software engineering including CAD/CAE/CAG; total management of satellite/digital microwave net-work, etc.

Candidates with aptitude and experience in skill development and implementation of programmed learning for computer, computerised systems in the areas of Business and Engineering applications using state of the art Technology in the field will be preferred.

The incumbent should be a graduate in Engineering preferably Electronics from a recognised Institution/University. Post-graduate degree or diploma in Business Management/Computer Science from a reputed Institution will be an added advantage. The candidate should be fully familiar with modern hardware and software applications.

GENERAL MANAGER (ENVIRONMENTAL ENGG.)

The incumbent will head the Environmental Engineering Group and lead a multi-disciplinary team of engineers and scientists for conducting Environmental Impact Assessment studies (EIA), finalisation of Environmental Management Plans (EMP) for NTPC projects. He shall be responsible for interacting with various regulatory agencies for obtaining environmental clearances for the projects. He shall also interact closely with all NTPC projects to ensure compliance of Environmental regulations/conditions imposed by regulatory agencies and advise NTPC management in regard to specific environmental problems with remedial measures to be implemented.

The incumbent should be a person of standing in a specific discipline of environment and should have adequate field experience in preparations of EIA/EMP and should possess post-graduate qualification in the field related to water pollution/air pollution/ecology, preferably with Bachelor's Degree in Engineering from a recognised Institution/University.

EXPERIENCE

The candidates should possess 18 years executive experience out of which at least 5 years should be in schedule 'D' pay scale of Rs. 3000 - 3700/- (pre-revised) or equivalent.

AGE LIMIT — 50 Years.

EMOLUMENTS

The post is in the pre-revised schedule 'C' pay scale of Rs. 3500-4000/-. The pay scales are under revision. In addition, the Company provides an attractive compensation package which includes,besides basic pay,adhoc relief,industrial DA, benefits in terms of leased accommodation, conveyance reimbursement, medical facilities, group insurance, leave travel concession, leave encashment, city compensatory allowance, PF, Gratuity, etc.

GENERAL

Relaxation in age, qualifications and experience may be considered in deserving cases at the discretion of the Management. For SC/ST candidates relaxation in age and experience will be applicable as per Government directives.

Management reserves the right to consider any applicant for placement to any position other than the advertised.

Applications (through proper channel in case of those working in Govt.,PSUs etc.) giving full particulars including qualifications, age, experience, present designation etc. should reach **General Manager (P&A), NTPC LTD., NTPC Bhawan, SCOPE Complex, Core-7, 7 Institutional Area, Lodi Road, New Delhi 110003, latest by 08.07.1991.**

Advt. No. E&P/02/91

IF YOU WORK IN MARUTI UDYOG READ THIS.

'Papa, what did you do in office today ?'

If that question makes you wince, Sipani Automobiles is the answer.

Sipani Automobiles. The most exciting spot in the automobile sector in India today.

The launch of Sipani D-1, the 1500 cc car that's making other cars nervous. The takeover of Auto Tractors Ltd. The increasing popularity of Montana Diesel and Petrol. And ambitious future plans that will make Sipani a Rs. 500 crore group soon.

It's all happening at Sipani. Write to us outlining your 10 years of experience. And do it fast. We have a feeling that your competition will be reading something similar.

IF YOU WORK IN PREMIER AUTOMOBILES READ THIS.

'Papa, what did you do in office today ?'

If that question makes you wince, Sipani Automobiles is the answer.

Sipani Automobiles. The most exciting spot in the automobile sector in India today.

The launch of Sipani D-1, the 1500 cc car that's making other cars nervous. The takeover of Auto Tractors Ltd. The increasing popularity of Montana Diesel and Petrol. And ambitious future plans that will make Sipani a Rs. 500 crore group soon.

It's all happening at Sipani. Write to us outlining your 10 years of experience. And do it fast. We have a feeling that your competition will be reading something similar.

IF YOU WORK IN HINDUSTAN MOTORS READ THIS.

'Papa, what did you do in office today ?'

If that question makes you wince, Sipani Automobiles is the answer.

Sipani Automobiles. The most exciting spot in the automobile sector in India today.

The launch of Sipani D-1, the 1500 cc car that's making other cars nervous. The takeover of Auto Tractors Ltd. The increasing popularity of Montana Diesel and Petrol. And ambitious future plans that will make Sipani a Rs. 500 crore group soon.

It's all happening at Sipani. Write to us outlining your 10 years of experience. And do it fast. We have a feeling that your competition will be reading something similar.

SIPANI REQUIRES

AT BANGALORE AND DELHI

GENERAL MANAGER — MARKETING
MANAGER — SALES
MANAGER — SPARES & SERVICE
MANAGER — PRODUCTION
MANAGER — QUALITY CONTROL
MANAGER — PURCHASE

Sipani Automobiles Limited

25/26, INDUSTRIAL SUBURB II STAGE, TUMKUR ROAD, BANGALORE - 560 022.

Mudra:Blr:SAL:351:91

bmtpc

BUILDING MATERIALS & TECHNOLOGY PROMOTION COUNCIL

(Autonomous Body under Govt. of India)

REQUIRES SENIOR POSITIONS - (Rs. 5100-150-5700-200-6300) (Age 40/45 years)
JOB DESCRIPTION/QUALIFICATION/EXPERIENCE

A. CHIEF (ENTREPRENEUR FINANCING) : Preparatory and follow-up work for financial feasibility of new technology based industrial proposals, Project Appraisal, Analysis, Monitoring, Management Information System, Advising entrepreneurs on resource based options and related matters. Job requires intensive interaction with Central and State Industrial promotion and financing organizations.

Should be B.Tech/M.Sc/M.A./M.Com/with Masters in Business/Financial Management have full overview of industrial scenario in India & abroad with atleast 5 years experience in financial/banking/corporate sector in senior position etc.

B. CHIEF (TECHNOLOGY MARKETING): Job offers a challenging opportunity and entails developing user acceptability in construction industry for innovative and non-conventional building materials and construction techniques including upgrading existing technologies, indigenisation and absorption of foreign know-how to convert the same in sound commercial projects in close concert with field organizations, professionals and entrepreneurs. Candidate will devise and implement action plans to enhance BMTPC's presence and usefulness in promoting and marketing innovative technologies.

Graduate technologist in any area related to building materials, construction technology with post graduation in marketing or management with proven track record in industrial promotion, familiarity with Risk & Venture Capital funding operations, high degree of motivation skills desirable.

C. CHIEF (CONSTRUCTION TECHNOLOGY): Assessment and performance evaluation of alternate building materials and new technologies including industrialized production of components. Job requires proficiency in design and analysis practices, knowledge of design standards, structural reliability techniques, computer aided rational techniques for describing building practices and elements of buildings, their properties to establish technical base for interface standards. Candidate will be frequently required to solicit expert judgement from eminent professionals, public and private agencies, R&D and Standardisation institutions.

B.E.(Civil), Preferably Ph.D. in structures, conversant with R&D methodologies, standardisation, computer oriented evaluation techniques for building materials, components and building systems, having 15 years experience (atleast 5 years in leadership position) with proven track record in reputed organizations

MIDDLE LEVEL POSITIONS (Age around 35 years)

SYSTEM ANALYST Scale : Rs. 4500-150-5700 'M.Sc./BE' preferably with post graduation in Computer Application/Science with atleast 4 years post qualification experience in development of packages in DOS/UNIX. Capable of working with 4GLS & LAN and providing leadership to a team of professionals to establish the MIS system in the council. Should have worked as System Analyst independently in a reputed organization. Salary negotiable for exceptionally qualified and experienced candidates.

COST ACCOUNTANT Scale : Rs. 3700-5000 Qualified Cost Accountant with 3 years experience preferably in building materials manufacturing or large construction organizations. Knowledge of excise duty/sales tax etc. will be preferred. Expected to coordinate cost accounting, financial analysis & management information system. Exposure to computerised environment and proficiency in PC operation is essential. Preferred age group around 30 years.

ACCOUNTS OFFICER Scale : Rs. 3000-4500 1st class B.Com /M.Com with atleast 10 years experience handling Accounts preferably with 3/4 years at a senior level in Semi-Govt./Corporate Sector organizations. Initially appointment on deputation basis may be considered.

All posts are presently in Delhi but transferable outside. Age relaxation and higher emoluments in deserving cases possible.

The Council offers DA/HRA/CCA/LTC & other facilities as admissible to comparable Government employees, till the Council frames its own rules. Deputation for 2 years in the first instance also possible.

Candidates to furnish comprehensive bio-data within 15 days of the date of publication. Final selection subject to success in interview & production of satisfactory proof of age/qualification/experience and No objection from employers in case of those already working in public/governmental sector.

For more details, please contact: The Executive Director, Building Materials & Technology Promotion Council, G-116, Nirman Bhawan, New Delhi.

OBEETEE

The source of the finest hand knotted woollen carpets

The Company

Obeetee Ltd is a Trading House & leading Exporter of Hand-knotted Carpets & Floorcoverings, incorporated in 1932, with a turnover of Rs 14 Crores having a challenging and congenial working environment for those who possess 'Qualities of Leadership'—Vision, Commitment and the ability to get things done. Efficiency and initiative are encouraged and rewarded.

Marketing Manager

(Exports & Domestic Sales) *Attractive Salary + Accomodation + Car + Perks*

New Delhi:

Reporting to the Managing Director, the successful candidate will be responsible for directing and motivating the sales force in the pursuit of profitable business growth & will probably be aged 35 to 40. With experience in the field of Floorcoverings/Textiles/Home Furnishings within India & Abroad.

Qualifications

MBA/Graduate, preferably with 5 to 10 years experience in Sales & Marketing. Excellent communication and innovative marketing skills are essential requirements for this job.

Internal Auditor *Attractive Salary + Flat + Car + Perks*

Mirzapur:

Reporting to the Managing Director, the internal auditor will carry out operational & Financial Audits & will also draft Audit reports on findings and recommendations for improved efficiency of the Company's resources and will meet clearly defined objectives.

Qualifications

Chartered Accountant or MBA (Finance) preferably with 5 to 10 years experience in Financial Services/Commerce at a senior level in internal/external audit work and a familiarisation with Computerisation are essential. As well as excellent numerical and analytical ability.

Management Trainees *Attractive Salary + House + Perks*

Mirzapur

Successful candidates will undergo intensive training for one year. Thereafter, they will be inducted into the management team. Their primary function will be related to production of Carpets and floor coverings. Work necessitates considerable travel into villages in U.P. & Northern India, to encourage & motivate the artisans. A knowledge of Hindi is essential.

Qualifications

Graduates with a good academic record. 2 or 3 years, commercial experience will be an asset but is not essential. Common sense, together with excellent communication and an analytical ability are essential.

All appointments offer an excellent opportunity to join a progressive Company offering prospects for advancement.

Kindly send hand written applications with a passport size photograph within 30 days, addressed to :

The Secretary, Obeetee Ltd, P.O. Box No. 4, MIRZAPUR, (U.P.) PIN: 231 001.

OBT 22268

SPIC Fine Chemicals Ltd.

SPIC Fine Chemicals Ltd. is a joint venture company promoted by Tamilnadu Petroproducts Ltd. and Henkel, KGaA of Germany, a leading manufacturer of detergents in Europe. The company is setting up a modern plant at Karaikal to manufacture detergents. The company is poised for rapid take off through the launch of a range of consumer products.

If you thrive on challenge, initiative and hard work and have the ability and ambition to succeed, you belong to the SFC team. You will be part of a bright, young and dynamic organisation with very ambitious growth plans.

The company is currently looking for the following personnel in marketing to be based at Madras.

1. DEPUTY BRAND MANAGER

The Deputy Brand Manager would be initially involved in planning exercises for the company in all areas of marketing. Subsequently, the person would be given independent charge of a group of related brands.

The candidate should be an MBA from a recognised Institute and with preferably an engineering background. The person should have about 3 years experience with a reputed consumer product company. Product Management experience is a pre-requisite. Experience in sales is desirable.

2. PRODUCT OFFICER / MANAGEMENT TRAINEE

The Product Officer will assist the Product Management Team in all related activities.

The candidate should be an MBA from a recognised Institute with preferably an engineering background. Experience of around one year in sales or marketing with a reputed consumer product company is essential.

Fresh MBAs can also be considered for the position of Management Trainee in marketing. They will be absorbed into the Product Management/Sales teams after completion of the training period.

Salary will be commensurate with qualification and experience and will not be a constraint for the right candidate.

Candidates fulfilling the above specifications only need apply within 15 days of appearance of this advertisement to:

The Head of Department (Human Resources),

SPIC Fine Chemicals Limited,

'Crescent Court', 963, Poonamallee High Road, MADRAS 600 084.

THE UTTAR PRADESH STATE CEMENT CORPORATION LTD., CHURK, MIRZAPUR (U.P.)

Under the dynamic management of **DALMIAs** the Corporation is poised for rapid modernisation and growth. To strengthen its organisation, the Corporation is on the look-out for dynamic, high performing professionals in the field of **Security, Industrial Relations** and **Finance/Accounts:**

CHIEF SECURITY OFFICER

The incumbent will head the Security function of three units and will be responsible to build up a strong team of committed professionals to provide all-round and latest security services. The job is located at Churk, Dist. Mirzapur (UP). Graduates with at least 15 years relevant experience will suit the assignment. Ex-Army personnel of the rank of Major and above will be preferred. Age should be around 45 years.

INDUSTRIAL RELATIONS MANAGER

The job involves building up a satisfactory work culture with an emphasis on high morale and productivity. Specific responsibilities will include grievance handling and employee counselling, maintaining constructive discipline, managing conflict, liaising with Labour Directorate and active participation in collective bargaining and settlement of industrial disputes. Placement will be at one of the Cement Plants located at Churk, Dalla or Chunar. Graduates with Post Graduate qualifications in social welfare/industrial relations/labour law from a reputed institution with about seven years factory/mines based experience will be preferred. Age: around 32 years.

FINANCE/ACCOUNTS MANAGER

The job involves maintenance and consolidation of Accounts, developing financial information systems, managing day to day accounts and cash flow, liaising with banks and financial institutions, maintaining an interface with marketing and commercial functions. Familiarity with latest concepts of budgetary control and computerised information system preferred. Placement will be at one of the Cement plants located at Churk, Dalla or Chunar. Chartered Accountants, preferably with Cost Accountancy qualifications, with minimum four years relevant experience preferred. Age: around 32 years.

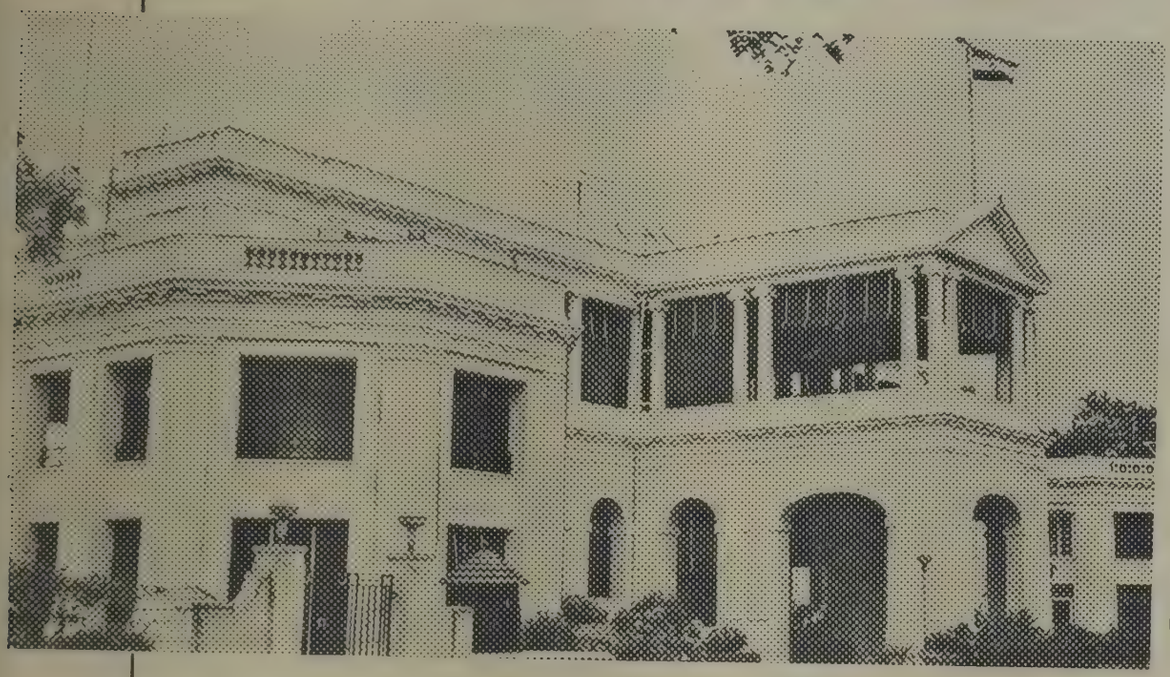
Pay and perquisites for the above positions will be highly competitive to suit the best talent in the industry.

Please apply within 10 days, with a contact telephone number, superscribing position title on the envelope, to:

Mr. B R Grover
Dalmia (Bros) Pvt Ltd
2nd Floor, Indra Prakash Building
21 Barakhamba Road
New Delhi-110 001

GOVAN/D/DBPL/5089/91

We are looking for people who can bring this atmosphere into our housing project.



Raj Bhavan. The ultimate residence in Madras.

At NEW-AM, we are undertaking an ambitious project to provide quality housing at affordable prices. While we certainly will not be building more Raj Bhavans, it is our belief that everyone's house should be a thing of beauty – elegant, well engineered, and in harmony with nature. To help us achieve this aim, we require people of exceptional quality for the following posts.

MANAGER, CONSTRUCTION

Degree in Civil Engineering with 5 years' managerial experience.

ASSISTANT MANAGER, CONSTRUCTION

Degree in Civil Engineering with 3 years' managerial experience.

ASSISTANT MANAGER, VENDOR DEVELOPMENT

Graduate with 3 years' experience in vendor development in the construction industry.

New Era Urban Amenities Limited
Thiru Complex 44 Pantheon Road
Egmore Madras 600 008

NEUAL 1638 91

EXECUTIVE VICE PRESIDENT

Information Technology—Nagpur

NS/P/376 **Attractive Compensation Package + Housing**

A progressive, reputed and diversified group requires an Executive Vice President to be based at its headquarters in Nagpur.

The Executive Vice President shall be responsible for the overall profitability and operations of the divisions of the group engaged in information technology areas, including software development, data processing and computer education.

Candidates should have some management qualification with atleast 10 years' experience in general management areas (with technical orientation). Candidates with additional commercial background will be preferred.

In addition to a very attractive compensation package, the group offers good growth prospects. Housing, if required, will be offered by the group.

Please apply within 10 days, giving full details of age, qualifications, experience and salary drawn, to:

N.A. SHAH ASSOCIATES
4, Sailor Building,
373, D.N. Road,
Bombay 400 001.

CLEA

N.A. SHAH ASSOCIATES

HMT LIMITED
(A Government of India Undertaking)

REQUIRES A

CHIEF EXECUTIVE FOR HMT(INTERNATIONAL)LTD.

Bangalore **Rs.1.25 lakhs+Car+Perks**

HMT (International) Ltd., a subsidiary of HMT Limited, is an export house engaged in worldwide exports of products, projects and technical services of HMT as well as other Indian engineering industries. Its present annual turnover is around Rs. 60 crores, with major growth plans under implementation.

The incumbent should be an engineering graduate between 45 and 52 years of age, preferably with an MBA from a premier institution, such as IIM. He should have at least 4 to 5 years' hands-on experience and an impressive track record in a senior-level position (viz., Chief Executive/Chief) in an export oriented multinational marketing company primarily dealing in engineering products/projects.

He should be dynamic, resourceful and result-driven. Capable of motivating and leading a team of professional executives. Able to analyse market information. Formulate strategies. Co-ordinate and implement activities.

Candidates fulfilling the above requirements may send their detailed resumé along with a recent passport size photograph within 15 days, to:

The Executive Director (HRD)
HMT Limited
36, Cunningham Road
Bangalore-560 052

OILFED

M.P. OILFED BHOPAL REQUIRES EXECUTIVE DIRECTOR (MARKETING)

LOCATION : Bhopal **REMUNERATION**
Rs. One Lakh Per Annum
car + house + other perks

The M P State Cooperative Oilseed Growers Federation Limited (M P OILFED) is an apex body dealing with the development and promotion of oilseeds in Madhya Pradesh and the subsequent processing of oilseeds, bye-products with its annual turnover of approx. Rs. 225 crores per annum.

At present, M P OILFED owns 800 TPD Solvent Extraction Plants. One new Solvent Extraction Plant of 00 TPD will start its production in next few months. P OILFED has also one 100 TPD Vanaspati Manufacturing Unit and one Mustard Oil Mill of 100 PD. One Vegetable Oil Refinery and Lecithin Refinery ection having 100 TPD capacity will start commercial roduction in the current financial year. M P OILFED ndertakes substantial export of soya meal each year.

UALIFICATIONS :

he incumbent should be MBA from reputed institution eferably from any IIMs with marketing as special bject.

XPERIENCE :

e incumbent must have at least 15 years relevant perience in edible oil industry, in a senior managerial pacity. He must have ability to plan marketing strategy bulk as well as consumer marketing of edible oils. must also have adequate exposure in export of seed extractions primarily soyabean. He should be y conversant with the export procedure and have a for International Marketing.

AXIMUM AGE LIMIT : 45 Years

HER FACILITIES :

ility for leased accommodation, conveyance, vident Fund, Gratuity, full medical reimbursement, up Insurance, etc. are also available.

ndidate belonging to SC/ST category must mention the application with supporting documents.

ly in strict confidence by 30th June, 1991 with mplete BIODATA and with passport size photograph ntioning post, salary drawn and expected, to :

NAGING DIRECTOR
P. STATE COOPERATIVE OILSEED
OWERS' FEDERATION LIMITED
AGWAN COMPLEX
. MAHARANA PRATAP NAGAR
I O P A L 462 012

ATUL/OF/27/91

Pfizer

REQUIRES

CONTROLLER– INFORMATION SYSTEMS

An opportunity exists for a self-motivated, highly professional person in our organization at the Head Office.

The incumbent should be about 35-45 years of age, having a Graduate/Post-Graduate degree, either in Engineering or Computer Science, with a minimum of 10 years' experience of all aspects of computer operations and systems, for commercial applications and should have already been responsible for a total EDP Department.

He will be responsible for overseeing systems development and programming as well as training users to ensure optimum usage of computer facilities.

The incumbent will be required to coordinate and control the entire Systems activity including Design, Development, Implementation and Documentation of Systems and proper operation and maintenance of the systems installed at various factories and branches.

As Head of the Information Services Department, the incumbent will be responsible for providing strategic and operational leadership to the MIS, systems development, computerisation and office automation efforts of the Company and capable of managing the department effectively and motivating subordinates to develop themselves for positive growth.

This is a senior position based in Bombay and carries an attractive remuneration package.

Candidates meeting the above requirements may send in their applications with full details within 10 days, superscribing the envelope 'CIS' to:

Personnel Director

Pfizer Limited

Express Towers, Nariman Point, Bombay 400 021

Shaw Wallace

CHIEF OF HYDROCARBONS DIVISION

Shaw Wallace & Company Limited is one of the most distinguished blue-chip corporations of India with a turnover exceeding Rs. 500 crores. The activities span 20 businesses and 55 products including Hydrocarbons, Liquor, Detergents, Toiletries, Tea, Yeast, Gelatine, Shipping Agencies, Real Estate, Fertilizers and Pesticides.

The Company is looking for a dynamic, result-oriented manager in the age group of 40-50 years who should be either an MBA or a first class degree holder. He should have a minimum of 15 years experience with at least 5 years in general management. Previous knowledge of Hydrocarbons work or agency work connected with ONGC or Oil India would be preferred. He will be based in Delhi and would be required to re-structure and reconstruct the Division for growth in the fast-track.

This is a senior and challenging position and the remuneration package will not be a constraint for the right person.

Those interested may please send their detailed resume, together with a passport size photograph, within 15 days to:-

Assistant Vice President - Staff
Shaw Wallace & Company Limited
4 Bankshall Street Calcutta 700 001

BSES

BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED

requires a

GENERAL MANAGER

to take charge of the management of the 500 MW Thermal Power Project near Dahanu. The Company is setting up 500 MW (2 × 250 MW) Thermal Power Station at Dahanu. Civil work has already commenced.

The candidate we are looking for will be responsible for design, engineering, construction, project management and timely completion of this project and managing the plant when it becomes fully operational.

Candidates should posses a degree in Electrical and/or Mechanical Engineering and have 20 years' experience right from the project engineering stage to operation and maintenance of thermal power station comprising units of not less than 200 MW capacity.

Salary and perquisites will be commensurate with qualifications and experience.

Interested candidates may send their applications with complete bio-data, in a sealed envelope superscribed 'Application for the post of Senior Executive', within 15 days to:

Director (Technical)
BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED
Generation Division
Plot E-7, MIDC Area,
Marol, Andheri (East),
BOMBAY-400 093.

Cadbury's

requires a

Market Research Executive

The position exists in the Marketing Services Department at the Head Office at Bombay, and the job holder will be required to spearhead all marketing research activities undertaken by the Company.

The ideal candidate would demonstrably be of an analytical bent of mind with a degree in Economics/ Statistics and a post-graduate degree in Management from an institute of repute. He/she would also have relevant experience of around 2 to 3 years with either a Market Research Agency or a reputed consumer products company.

Age: Around 30 years.

The position has good growth prospects with an attractive salary commensurate with qualifications and experience.

Applications clearly marked for the post applied should be forwarded within 10 days to:

General Manager – Personnel
Cadbury India Limited
Cadbury House, B. Desai Road,
Bombay 400 026

AMERICAN EXPRESS®

AMERICAN EXPRESS BANK

We are looking for young, dynamic and result-oriented

ACCOUNT MANAGERS
(CORPORATE BANKING AND CAPITAL MAKETS)

for our branches at
Bombay, Delhi and Calcutta

Candidates should be CA or MBA with three to five years relevant banking experience. Preference will be given to achievers with exemplary marketing skills, sound banking knowledge and excellent communication skills.

Interested candidates should apply in strictest confidence, within seven days, with their particulars to:

The Director — Human Resources
AMERICAN EXPRESS BANK LTD.
109, DALAMAL TOWERS, 1ST FLOOR,
211, NARIMAN POINT,
BOMBAY-400 021.

BSES

BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED

SENIOR MANAGEMENT POSITION (HRD)

BOMBAY SUBURBAN ELECTRIC SUPPLY LTD. is engaged in Electric Power Distribution, Project Construction, Contracting and Computer Services having an annual turnover of over Rs. 400 crores (likely to double in next 5 years) employing 3600 persons including 600 Executives (likely to go upto 4500 in next 5 years) and is also entering the business of Power Generation by taking up the installation of 2 x 250 MW Thermal Power Project at Dahanu in Thane District which will involve an additional manpower of about 700 (Executives – 150, Supervisors – 150, Artisans – 250, Semiskilled & Unskilled – 150) for the project construction, operation and maintenance. The Company is looking for a person at Senior Management level to head the Human Resource Development function, which will also include Vigilance and Corporate Planning.

The Candidate should have a degree in Personnel Management/Industrial Relations and must be capable of organising the Human Resource Development and to take charge of manpower planning, recruitment and training, maintaining good industrial relations, wage and other negotiations with Union, implementation of Labour laws, Welfare activities and vigilance.

Very good prospects for the right man. Persons in the age group of 40-45 years possessing 10 to 15 years experience out of which 5 years at a senior level in an Engineering Industry, preferably power industry handling workforce of similar size and type may apply in confidence within 10 days with bio-data and a passport size photograph superscribing the envelope HRD to:

The Chairman and Managing Director
BOMBAY SUBURBAN ELECTRIC SUPPLY LIMITED
Nagin Mahal (6th floor),
82 Veer Nariman Road,
Bombay 400 020.

GEEP

We are a multi-product Company, with an annual turnover of more than Rs. 55 Crores. Over the last four years, the Company has registered a phenomenal growth of 83% and is poised for a quantum leap in the 90's. We require -

BRANCH MANAGER
Bombay / Delhi

The incumbent will be independently responsible for leading a team of Sales Personnel to achieve set objectives as well as strengthening the Company's distribution network.

Applicants should be graduates, preferably with M.B.A. in Marketing and with at least 3 years experience as Area Sales Manager in a reputed consumer goods company, with consistently good track record. Fluency in English is essential.

EXPORT MANAGER
Delhi

Should be an M.B.A. with specialization in Export Management, having at least 3 years experience in export of leather products like Shoes. Garments etc.

Emoluments will not be a constraint for the right candidate.

If you meet the above job specifications, please apply in confidence within 10 days, giving details of qualifications, experience, age, salary drawn and expected, to:

GENERAL MANAGER
(HUMAN RESOURCES)
GEEP INDUSTRIAL SYNDICATE LIMITED,
39 - Tashkent Marg,
Allahabad - 211001.

A Shervani Enterprise

EMTICI ENGINEERING LIMITED
(An ELECON Group Company)

REQUIRES

A fast expanding engineering concern having group turnover of more than Rs. 150 crores requires the following personnel:

1. GENERAL MANAGER

We are looking for an extra brilliant, efficient and all-in-all person to assist the Director.

The ideal candidate should be a Chartered Accountant/Cost Accountant/MBA (Marketing or Finance) with atleast 10 years experience in industries out of which 3 years in senior management cadre. Preferred age 35 to 40 years.

Attractive compensation with car & free accomodation. HIGH PERFORMANCE WILL BE GROOMED FOR THE POSITION OF CHIEF EXECUTIVE.

2. COMMERCIAL MANAGER

Candidate should be Chartered Accountant with atleast 7 years experience in all aspects of commercial matters out of which 3 years in senior position.

3. SALES MANAGER

Candidate should be graduate in Mechanical/Electrical Engineering with 10 to 15 years experience in sales of engineering products/projects. Length of experience can be relaxed for MBA candidates.

The above positions carry excellent remuneration and perks.

Apply in strict confidence within 15 days alongwith a recent passport size photograph giving details of qualifications, experience, age, salary drawn with detailed breakup, including perks and salary expected to:

Emtici Engineering Ltd.
Anand-Sojitra Road,
Vallabh Vidyanagar 388 120
(Gujarat)

A leading Ahmedabad-based engineering company in the private sector, with successful track record, is on the lookout for competent and result-oriented professionals to fill the following positions :

WORKS MANAGER **(Ref: BI/001)**

The candidates should be excellent mechanical/metallurgical engineers with 8-10 years of experience in production and allied functions as well as in general management in an engineering unit. The incumbent will lead a team of people in production, maintenance, quality assurance, employee relations and related functions. He will be totally responsible for the efficient and effective operations of the unit. Preferred age : 35-40.

MARKETING MANAGER **(Ref: BI/002)**

The candidates should preferably be engineers with 6-8 years of experience in marketing and allied functions. Those with marketing qualifications and/or exposure and experience in marketing of industrial products will be preferred. The incumbent will lead a team of marketing professional and achieve the targets and results through innovative marketing strategies and policies in a competitive business environment. Preferred age : 33-38.

DEPUTY/ASSISTANT MARKETING MANAGER **(Ref: BI/003)**

The candidates should be mechanical/chemical engineering graduates with 3-5 years of experience in marketing industrial products. Those who have dealt with OEMs and distribution network as well as having hands-on front -line marketing exposure and experience will be preferred. The incumbent should have excellent negotiation and inter-personal skills. Preferred age : 28-33.

The company has ambitious investment and growth plans and invites individuals who can accept challenges and demonstrate leadership qualities and competencies. The Company offers a stimulating work environment and excellent growth prospects. It emphasises professional excellence, operational autonomy, an open culture and recognition of performance. The compensation package and perquisites will not be a constraint for the right candidates.

Please reply in strict confidence within 10 days stating full details of qualifications, nature and length of experience, age, salary drawn and expected, etc. with a recent photograph to :

Box No. AA/347/AB/2, **Business India**,
Wadia Building, 17/19 Dalal Street,
Bombay 400 001

CHIEF EXECUTIVE
(FINANCIAL SERVICES)

Delhi **Attractive package**

A well diversified industrial house having interests in agro based products, chemicals, engineering goods and project consultancy with an annual turnover of about Rs 500 crores is diversifying into financial services such as, leasing, hire purchase, bill discounting & merchant banking. It wishes to recruit an outstanding professional with sound commercial acumen to head the new company.

The incumbent will be responsible for resource mobilisation, marketing strategy, fund management, setting up systems & procedures and day to day management of the company.

Applicants should be Chartered Accountants or MBAs with specialisation in Finance having 10-12 years of experience of which atleast 5 years should be at a senior level in a reputed bank/financial services company.

Preferred age : 35-40 years.

Please apply in confidence within 10 days to:

A.F. Ferguson Associates
Hansalaya
Barakhamba Road
New Delhi 110 001

Applications and envelopes must be marked with **'Ref: (MS/5000)'**

MANAGING DIRECTOR
Consumer Products

Delhi **Excellent Terms**

A very well known, professionally managed, rapidly growing consumer products company, part of a large industrial house, is looking for a highly competent and dynamic MANAGING DIRECTOR. The company has a current turnover of over Rs. 400 crores.

The incumbent will be responsible for overall management of the company. His prime responsibilities will be to develop & guide the senior management team effectively, provide necessary thrust to continuously formulate & implement innovative marketing strategies to consolidate and further improve the market share in a competitive environment, tone up operations, exercise close financial controls and ensure high level of performance & profitability.

Candidates should possess good academic record, in age group 40-50 years, with considerable experience at senior level in General Management at Corporate or Profit Centre level in a reputed company manufacturing & marketing mass consumer products. **The assignment is highly challenging and our client is looking for a top-flight & high horsepower manager with proven track record and excellent Marketing/Commercial skills.**

COMPENSATION PACKAGE WILL NOT BE A LIMITING FACTOR FOR THE RIGHT CANDIDATE.

Please apply within 10 days with detailed Bio-Data, marking the application with job title & code MD/5 to **Mr. P.J. Bahadur, Managing Director.** ALL CORRESPONDENCE WILL BE TREATED IN STRICT CONFIDENCE.



omam Consultants Private Limited
14-D, BASANT LOK, VASANT VIHAR, NEW DELHI-110 057 TEL: 604587, 670821

SRISHTI/91

CEMTECH INDIA

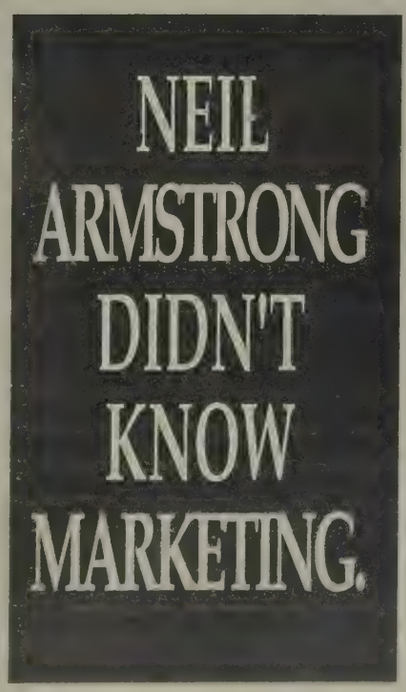
DELHI

GENERAL MANAGER RS. 2.50 LACS PA
PROJECT MANAGER RS. 1.50 LACS PA

We are a specialised consultancy organisation for the Cement/Mineral Industry with an excellent track record in the area of engineering of new plants as well as modernisation & technology upgrading of older plants.

We are on the lookout for specialists in Project Engineering/Process Engineering with good knowledge of Mechanical & Process Engineering and standing in industry.

Please apply to
S.S. KOTHARI,
CEMTECH INDIA
J-202, Saket, New Delhi-110 017.



But you do. In fact, you have a natural flair for it and have been doing extremely well in this field for more than 15 years now.

You have one more very special quality. The spirit of adventure.

The spirit of Neil Armstrong.

We are all set to explore the frontier technology of advanced materials. To design, develop and manufacture composites that will meet the growing demand of aerospace, aircraft, defence, telecommunications, electronics, transportation, general engineering and various other industries.

Matrix Materials Limited has been promoted by **Tata** Industries Limited.

In our first phase, we've entered into a collaboration with **Société Nationale des Poudres et Explosifs (SNPE) of France**, to manufacture lightweight, high performance armour products using state-of-the-art composite materials. The project is coming up near Bangalore.

MATRIX
MATERIALS
A TATA ENTERPRISE

For this we need competent, motivated professionals who are ready for the challenges of frontiers unknown.

MARKETING CONTROLLER

The applicant should be a B.Tech. (Mech./Chem.) and PGDM. He should have a minimum of 15 years' experience in product planning and development of marketing strategy for custom designed, high-tech engineering products for corporate/defence sectors. Candidates familiar with products in high performance composites are preferred.

Proficiency in French will be an added advantage.

The position is in the senior executive cadre reporting to the Managing Director.
Age: Around 40 years.

Remuneration will match the best in the industry. Please apply within ten days with detailed curriculum vitae to:

The Manager (HRD),
MATRIX MATERIALS LIMITED,
144, Mahatma Gandhi Road, Bangalore 560 001.

TATA
KELTRON

QUALITY ASSURANCE MANAGER

Palghat

Tata Keltron Limited manufactures electronic push button telephones in collaboration with Siemens A.G. of West Germany. They also plan to manufacture cordless telephones and telephone answering machines. The current turnover of around Rs. 13 crores is expected to double in the next 2 years.

The Quality Assurance Manager will report to the Executive Director cum President. He will be entirely responsible for achievement of quality and reliability goals leading to total customer satisfaction. This will entail quality control of incoming materials/components and finished products. He will also ensure adherence to process control norms and the incorporation of customer feedback into the process or design/product features.

The candidates should be Electronics Engineers preferably with additional qualifications in SQC. Around 10 years relevant experience in a demanding quality and cost conscious manufacturing environment is essential. Preferred age: Around 35.

The salary will be negotiable and commensurate with merit.

Please apply in confidence quoting "MS/5149" giving full details within 7 days to:

A.F.Ferguson Associates, 115, Dickenson Road, Bangalore-560 042.

TATAFONE

T.A. PAI MANAGEMENT INSTITUTE, MANIPAL

NEEDS

— DIRECTOR — REGISTRAR

The Institute has been conducting Post-graduate Management Programmes (PGDM) recognised by the Government of India and is also engaged in Research and Consultancy activities on subjects of National importance.

The Institute is presently looking for:

1) **DIRECTOR:** With appropriate academic qualifications like a Doctorate or Post-graduation in Management from a renowned University/Business School, combined with senior level experience in Business, Industry or Business School of repute. It is expected that the person will have a good record of academic achievement and administrative skills. Emoluments and perquisites will be on par with those offered to Directors of IIMs in India.

2) **REGISTRAR:** The candidate should have a minimum of ten years of experience in managing Finance, Personnel and General Administration. Emoluments around Rs. 3,000 per month.

Preferred age for both posts: around 50 years. Retired persons will also be considered.

Applications should be complete with copies of degrees, diplomas and extracts of published work if any and with complete bio-data stating joining time needed, present employment, salary drawn, salary expected. Information given will be treated confidentially. The application superscribing the envelope as POST OF DIRECTOR/REGISTRAR should be sent within fifteen days to:

The Chairman
T.A. Pai Management Institute, Manipal – 576 119

MANIPAL ADS/TAPMI/9105

CHIEF INTERNAL AUDITOR

DELHI

ATTRACTIVE SALARY + HOUSE + PERKS

Our client is a large Public Limited Company, part of a leading industrial house with diversified interests. The company has a good track record and is currently implementing 2 major diversification and expansion projects. The company's current turnover exceeds Rs. 325 crores and it is expected to cross Rs. 500 crores in the next 2-3 years.

The incumbent shall be responsible for improving/designing appropriate internal audit systems for different operational areas and their implementation. Other important aspects of the job cover internal audit of different manufacturing units and Branch offices located all over the country, advising management on better control mechanisms and generating information reports for top management perusal. Should be a Chartered Accountant with at least 10 year's relevant experience in the industry. A successful stint in heading the internal audit function in a large organisation and a proven record in devising effective management control systems are essential requirements. Age: 35-40 years.

The assignment is in the Senior management cadre and offers tremendous growth opportunities. **THE COMPANY OFFERS AN ATTRACTIVE COMPENSATION PACKAGE AND IT SHALL NOT BE A LIMITING FACTOR IN FINALISING THIS KEY SELECTION.** Please apply in strict confidence **IMMEDIATELY** marking the envelope and enclosures with the job title and code: 9136.

PERSONNEL SELECTION DIVISION
MANTEC CONSULTANTS P LTD
(Management & Technical Services)
805, Vishal Bhavan, 95 Nehru Place
New Delhi 110 019.
Tel: 6429294/5/6.

Undertaking world wide assignments in association with MSL INTERNATIONAL, U.K.

INTERGLOBE ENTERPRISES PVT. LTD., is a young, fast growing, professionally managed travel and tours company with 2 major divisions : InterGlobe Air Transport, which is General Sales Agent for United Airlines, Canadian Airlines, Scandinavian Airlines System and KLM Royal Dutch Airlines, and InterGlobe Holidays, which organises in-bound tours, conferences and conventions.

It is a part of the reputed Delhi Express Group of Companies with 20 offices all over the country and an annual turnover exceeding Rs. 60 crores.

To keep pace with its rapid growth, InterGlobe requires :

COMPANY SECRETARY

To be based in Delhi, the incumbent will hold responsibility for the secretarial, legal and financial functions of the company.

The applicant should be an ACS and a CA with at least 3 years experience in a similar capacity. He should be well-versed with company law, taxation, audit, budgetary control systems and MIS.

The company offers pay and perquisites matching the best in the industry, a congenial working environment and unlimited opportunities for growth.

Please apply within 10 days, giving complete details of age, qualification and experience to

The Managing Director,
Interglobe Enterprises Pvt. Ltd.,
66, Janpath, New Delhi-110001.

Crescent 3864

LUDHIANA STOCK EXCHANGE

Ludhiana Stock Exchange is one of the stock exchanges recognised by the Government of India under the provisions of the Securities Contracts (Regulation) Act, 1956. The Exchange has recently registered substantial growth in volume of business and is in the process of expansion of its membership. A modern building complex with modern infrastructure facilities for housing the Exchange is nearing completion. The Exchange is looking for highly motivated and result oriented professionals for the following top management posts :

EXECUTIVE DIRECTOR

This is the seniormost executive position in the Exchange. The incumbent will also be an ex-officio member of the Board of Directors of the Exchange and will be responsible for overall administration of the Exchange.
QUALIFICATIONS : A post graduate with an excellent academic record or a CA/CS/MBA or equivalent professional qualifications.
EXPERIENCE : About 15 years experience in the corporate sector/banks/financial institutions/Government.
PREFERRED AGE : 40-50 years
GROSS SALARY : Rs. 1,20,000 per annum + perquisites (subject to Govt. approval)

GENERAL MANAGER

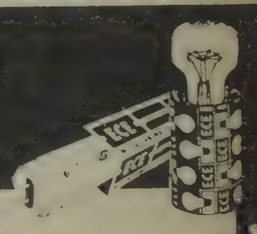
This is a senior executive position reporting directly to the Executive Director. The incumbent will be responsible for the regulation of members' trading in securities, investor protection, modernisation of stock exchange operations and other items of work as may be decided by the Executive Director.
QUALIFICATIONS : A Post Graduate with excellent academic record or CA/CS/MBA or equivalent professional qualifications.
EXPERIENCE : About 10 years experience in corporate Sector/Banks/Financial Institutions/Government.
PREFERRED AGE : 30-40 Years.
GROSS SALARY : Rs. 90,000 per annum + perquisites (subject to Govt. approval)

INTERESTED PERSONS MAY PLEASE APPLY WITH BIO DATA WITHIN 20 DAYS OF THE DATE OF PUBLICATION OF THIS ADVERTISEMENT TO:-

THE PRESIDENT
THE LUDHIANA STOCK EXCHANGE ASSOCIATION LTD.
LAJPAT RAI MARKET, LUDHIANA-141 008.

ADVANCE

ECE INDUSTRIES LTD.
(LIGHTING DIVISION)



We require following **RESULT ORIENTED AND CHALLENGE SEEKING TOP MARKETING PROFESSIONALS** for H.O. Delhi, poised to achieve and meet our growth and expansion:

CHIEF MARKETING MANAGER: Age—40 yrs.
He should be able to shoulder the responsibility as Operational Head of Lighting Division in Achieving Corporate Objectives & Yielding profit out of marketing operations. He should have aptitude for Marketing of Consumer durables also.

DY. MARKETING MANAGER: Age—40 yrs.
He should be capable of shouldering the marketing responsibility in Lighting Division and assisting CMM in achieving the Corporate and Divisional Objectives.

MANAGER-CONSUMER DURABLES: Age—35 yrs.
He should be fully conversant with branded procurement from S.S.I.s & Marketing of Electrical Consumer Durables.

QUALIFICATION, EXPERIENCE & REMUNERATION— FOR ALL POSTS
First class Graduate, preferably with Degree/ Diploma in Marketing Management alongwith Minimum 5-7 years experience in SIMILAR CAPACITY.
Salary and benefits are structured in line with the best in the Industry.
Your handwritten application alongwith detailed resume with expected Remuneration and latest photograph should reach within **10 days** to:

The Management Executive (Mktg.)
ECE INDUSTRIES LTD.
Link Road, Opp. Jhandewalan, New Delhi-110 055

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GENERAL MANAGER-FOUNDRY

Delhi/Ghaziabad

Our's is a fast growing grey iron mechanised foundry at Ghaziabad, equipped with Sand conditioning, Moulding and Shot blasting machines with physical & chemical testing facilities. We have an annual capacity of 5,000 M.T. and are catering to the needs of automotive, Tractor, Pumps & Motors Industry.

We need a General Manager who will be the chief of operations with complete responsibilities for development production, material management, industrial relations and marketing.

The right candidate will be a strong administrator having a keen acumen to get results and shoulder Top Management responsibilities. Metallurgical/Mechanical Engineer will be preferred. Age 35-45.

PRODUCTION ENGINEERS-FOUNDRY

Ghaziabad

Metallurgical Engineers with 3–5 years experience in semi mechanised foundry preferably manufacturing Pump, Motor & Tractor components.

Emoluments are negotiable and compare with the best in the industry.
Apply within 10 days to

SANSAR FOUNDRIES (P) LTD.

G.T. Road, Mohan Nagar, Ghaziabad Ph: 8-732618, 8-731971

PRESSMAN

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4 DEPUTY SALES MANAGERS

Metro Cities

We have been retained by **Flender Macneill Gears Ltd.,** an Indo-German Company having technical collaboration & equity participation with **Flender, Germany,** a world renowned company in power transmission to select bright sales professionals for expansion and diversification in their marketing department.

The incumbents will be responsible for guiding & motivating the sales team for achieving sales & collection targets, maintain customer contact and provide effective after sales service. Job involves high pressure selling to **power, cement, sugar, steel,OEMs** as well as to find new areas of product applications. Ideal candidates would be tough fast track managers with excellent communication & negotiation skills. Should be **Graduate Mechanical Engineers** with 10/15 years similar experience.

High calibre professionals could look forward to an exciting career path. Please write in strict confidence to **Mr T Sengupta, General Manager** and mark the envelope & enclosure with job title & code DSM/CAL/4105.

ABC CONSULTANTS PRIVATE LIMITED

6A, Middleton Street, Calcutta 700 071

New Project Development • Techno Economic Feasibility Study

SWOT Analysis • Organisational Restructuring • MIS

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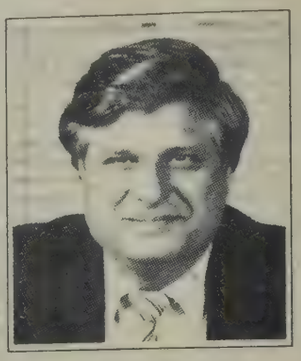
EXECUTIVE LADDER



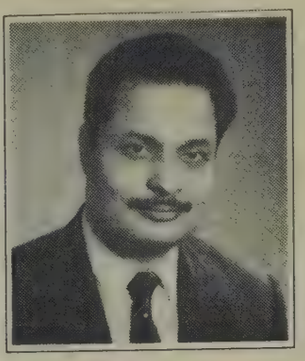
S.S. Bawa has taken charge as chairman and managing director of Cochin Shipyard Ltd.



Ashok Bhatia has taken over as chairman of Welcomgroup Hotels.



K.K. Sawhney has been appointed president of Gabriel India Ltd.



P.N. Ratan has been appointed managing director, AllBank Finance Ltd.

T. Ramesh U. Pai has been appointed chairma and managing director, Industrial Credit and Development Syndicate Ltd.

B.G. Khare has taken over as chairman and managing director of Hindustan Organic Chemicals Ltd.

G.K. Mathur has taken over as chairman and managing director, Engineering Projects (India) Ltd.

K. Rajagopalan has joined Oriental Insuranc Company as general manager.

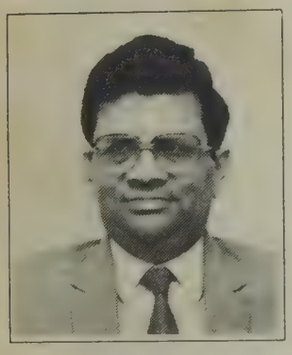
Harpal Singh has taken over as general manager Hindustan Copper Complex/Indian Copper Complex, Ghatsila.

A.K. Sharma has been promoted as vice-president, materials and corporate planning, Blue Star Ltd.

D.N. Dua has joined Rhone-Poulenc (India) a marketing director.

Ganesh Baliga has joined MAA Communications as vice president, Madras.

Atluri Visweswara Rao has taken over as executive director, Hyderabad Units, at Hindustan Cables Ltd.



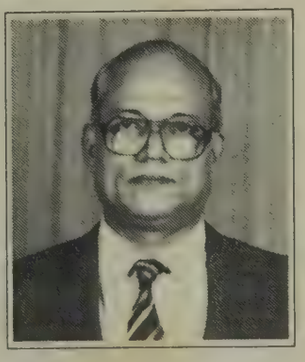
S. N. Mathur has been appointed director, production, of Hindustan Petroleum Corporation Ltd.



R.R. Maheshwari has taken over as executive director of Modern Syntex (India) Ltd.



J.K. Das has taken over as general manager at the research and development centre of Indian Oil Corporation at Faridabad.



G. Mullick has taken over as general manager of Indian Oil Corporation's western region.

ASSOCIATIONS

Harbans L. Bajaj has been elected chairman of the Institute of Electrical and Electronics Engineers, Inc.

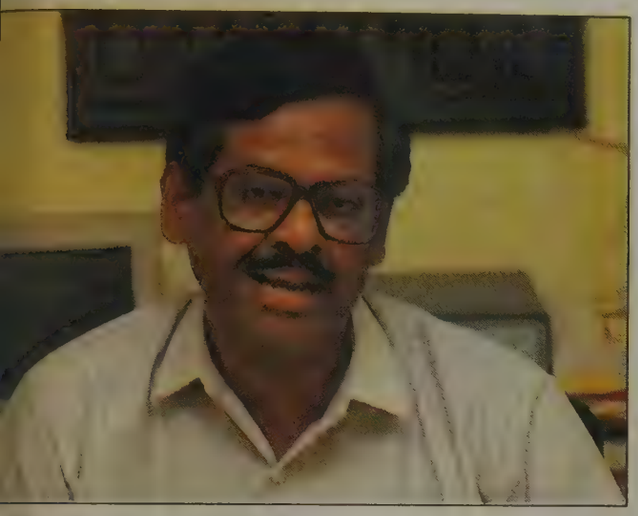
V.J. Jayaraman has been elected chairman of the Textile Machinery Manufacturers' Association of India.

R.G. Khare has taken over as president of the Goa Chamber of Commerce and Industry.

A.S. Ramanathan has taken over as member, Company Law Board, Government of India.

Ikbal Nathani has been elected vice-president, Bureau International De La Recuperation, Brussels.

hrough thick and thin



Doraiswamy, *51, is president of al Engineering Company Ltd*

as seen it all at the Madras-based al Engineering Company Ltd CL). During his 13-year tenure at the pany, KECL's turnover rose from Rs.5 to Rs.36 crore. Today, Doraiswamy the helm of KECL's affairs. He is also dent of the Institute of Company taries of India.

ter studying at the Hindu Theologi- High School and Loyola College, as (where he completed his inter- ate in Arts in 1957) Doraiswamy d Indian Oxygen Ltd (IOL) in the -convenented" staff category. In , he took a bachelor's degree in eco- cs and politics through Delhi Uni- y's distance education programme, ng fifth in the university.

raiswamy followed this up with a time course at the Madras Law Col- n 1972. "But," says Doraiswamy, "I ed to become a company secretary, this offered better scope." So, in , he took a diploma in company taryship.

matic working. Throughout all this, iswamy continued to work for IOL. ys, "IOL provided exposure to a very matic way of working. It was a ding ground, and laid down strong al standards."

1975, Parry Confectionary Ltd took n as a company secretary. His tasks were routine — legal and secre- matters, administration, appoint- of dealers, and finalisation of nts. In 1978, Doraiswamy moved ECL. "Being a smaller company — then had a Rs.5-crore turnover — there were opportunities to get involved in other functional areas," he recalls. He also became "part of the team which handled problem-solving". He was promoted to secretary and general manager in 1984, with additional responsibilities relating to materials management.

KECL invested funds in capacity expansion in the early eighties, but was soon caught up in the severe recession in the industry in the mid-eighties. Doraiswamy got involved in the fire-fighting and steered KECL through a rights issue of Rs.63 lakh, which raised the share capital to Rs.2.52 crore in 1985-86. The company's reputation as a manufacturer of quality ensured that the issue was fully subscribed. Later, exports were pursued. "This was a turning point," says Doraiswamy. Loans were rescheduled with the banks but, as he says, "our success is largely due to the fact that we pulled together as a team."

Co-ordinator. "My present role is that of a co-ordinator, one who binds the organisation together," says Doraiswamy. He now wants "to strengthen product quality further, to introduce good business practices, and to build energy conservation features into KECL's products". KECL also plans to get into new areas, like engineering plastics.

Doraiswamy served on the south India regional council of the Institute of Company Secretaries of India for two terms. In 1981-82, he was elected to the national executive council for three years. And, in 1988, he took over as president of the institute. During his tenure, an amendment to the Companies Act recognised the concept of practising company secretaries. Both the financial resources and membership of the institute were strengthened through various measures.

Married and with two children, his interest include reading and listening to classical music. Also, "I am an armchair sports enthusiast," he says. He takes part in social service, through a trust he created in 1986 in memory of his mother. "This activity will increase in importance to me, at a later stage in my life," he says.

■ DHARANI K. PANI

FRONTRUNNERS



At 35, **Shishir R. Agrawal** is the youngest chief executive to head any division of Essar Gujarat Ltd. He started his career in 1981 as head of finance with the Tapadia group of industries. But Agrawal soon realised "a need to move to a bigger oganisation," and so in 1986, joined the Rs.100-crore, energy division of Essar as a finance manager. "My efforts here were rewarded," he says. His climb up the corporate ladder was quite swift.

A graduate in commerce from Bombay University (1977), Agrawal did his Chartered Accountancy and Company Secretaryship later and also took a degree in LLB from Siddharth College. His major achievements in Essar has been securing international contracts. The two on-shore oil exploration contracts in Indonesia are still on while the $20 million deal with Shell Co in Oman has just been completed.

— S.K.



Someday he wants to leave the corporate rate race and teach school. Now, though, **Raymond Moses Nagawkar** revels in his job as sales manager of Castrol India Ltd. "It's fun interacting with different kinds of people," says the 30-year-old Nagawkar, who handles sales of industrial lubricants for Bombay, M.P. and Goa, and of automotive lubricants as well in Gujarat.

A chemical engineer from IIT, Kanpur Nagawkar started his career in 1983 as a management trainee with Hindustan Lever Ltd. During his three year stint he was promoted to production manager of their STPP plant at Haldia. In 1986 he left to join Castrol as marketing executive. On joining Castrol he says, "At the time the company was short-staffed, and I got the opportunity to take up a lot of responsibility."

- S S



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ADPUR SABZIMANDI

egetable supermarket

3.30 am, and Delhi is asleep. One cor- however, in the northern part, is bus- with trading activity between ers, commission agents and whole- s. Azadpur Sabzimandi, spread over acres, is the biggest wholesale market uits and vegetables in Asia and the nd biggest in the world.

e *mandi* functions for 24 hours, al- gh auction timings vary. Perishable tables are auctioned early in the ing, and the fruits generally between and 12 pm. Words like 'noise pollu- and 'sleep' have no meaning and a 'holiday' is an alien con- "Some section of the *mandi* is s active," says Daryao Singh, f 23 watchmen of the potato onion section for the last 12 . Many deals are done in the , sometimes on telephone. e are generally for a loaded for some other *mandi*.

old!

sow, Ek sow ke bori, maal badia hai (Rs.100, Rs.100 ack, the goods are the best)." *eh lega, sona lega* (those who his will buy gold)." The auc- in full swing. Kaka, a vendor s Rs.80 for a sack of brinjal. *e badho, aaghe badho* (pro- proceed)," comes the reply. y Kaka buys a sack for Rs.89. sack will be distributed bet- two other vendors, who are the *mandi* buying other veg- s," says Kaka. By noon he will t Rs. 130.

aj, 15, from Sikandra in Agra, ng spinach and cucumber. He approximately Rs.150 per lohammed Rizwan from Bi- lps his father sell tomatoes 5 per *thadi* (5 kgs). "I come to the every day at 3 am and leave at 7 am to attend school. One day y experience and education I will e a big commission agent," he

in 1975, when the old *sabzi* was shifted from the vicinity of Hindu Rao hospital to Azadpur, thought that this would turn out large. With 438 big and 796 small this market has become a national distribution centre. With transactions totalling Rs.94.54 crore during the year ending 1990-91, the market is all set to break its own record. Business has grown 100.40 per cent since 1985-86.

Forty-eight kinds of vegetables passed through the *mandi* last year. There were 423,000 tonnes of potatoes, 308,000 tonnes of onions, 120,000 tonnes of tomatoes, over 31,000 tonnes of peas and 336,000 tonnes of other vegetables. Last year, arrivals of some popular fruits added up to 1.65 million tonnes. Of this apples weighed 495,000 tonnes, bananas 491,000 tonnes, mango 121,000 tonnes, oranges 121,000 tonnes and other fruits, the rest.



***Watermelons for sale at the* mandi**

About 40 per cent of the vegetables and 20 per cent of fruits entering this market is consumed by Delhi and its adjoining areas. The rest is distributed throughout the country. The flow of goods is monitored by the Agriculture Produce Market Committee (APMC), which also maintains the *mandi*. (APMC came into existence on 15 January 1977.) "An average of about 650 trucks arrive each day from all over India. During the peak season, October and November, the number is anywhere between 700 and 800," says an APMC official.

Clean and organised

The market is divided into four blocks. Block A is for vegetables and a shed is provided for potatoes and onions, block B houses 25 per cent of vegetables and 75 per cent of fruits; block C is exclusively meant for fruits; and block D for vegetables. The market also has a shed for railway wagons, called the *kela siding*. Every day, two train-loads of 65 to 70 bogies of bananas are unloaded here each day.

The APMC attempts to keep the area organised and clean. Commission agents are fined if they do not lift goods within four hours. APMC's sanitation department uses 45 trucks daily to clear garbage. "But still the place is in pathetic condition," says a grower from Punjab.

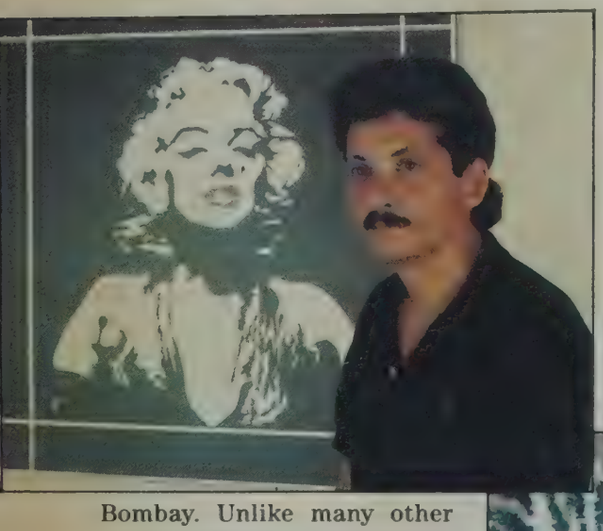
"APMC generated approximately Rs.9.45 crore last year as market fees alone. The organisation has got all the money tucked away in banks. I don't understand why this money can't be spent on expansion," says Rajinder Kumar Sharma, secretary of the Federation of Fruit and Vegetable Trade Associations and Potato and Onion Merchants Association. Unloading of the produce gets delayed due to lack of space which in turn results in weight loss due to water evaporation.

During the year 1990-91, APMC witnessed a growth of 49.57 per cent in its income over the previous year. Despite a second income of Rs.10 crore, expenses were to the tune of Rs.4.20 crore only. APMC charges fees for licences and security.

Sometimes market rates are manipulated by big businessmen. "Its very simple, if we feel that there will be some kind of snag, either in the area where the produce is grown, enroute or here, we sometimes keep goods in cold storage, and sometimes sell at a lower profit margin. And sometimes we incur losses. It's all in the game, we just try to be on the winning side," said one, sitting in his office with three telephones.

■ RAJESH PROTHI

Rusi Ratnagar's business is to transform mirrors and glass into luminous, neon-hued works of art. He has rendered the likes of hotelier M.S. Oberoi and cine star Rekha onto mirrors. His creations adorn the walls and pillars of hotels like the Leela Kempinski and the Oberoi as well as discotheques like Go Bananas and RG's in

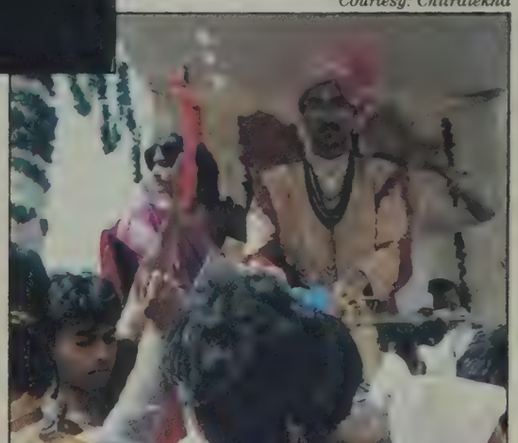


Bombay. Unlike many other artists, Ratnagar deals directly with his clients. "I like to see the buyer; I dislike the impersonality of using shops and agents as go-betweens."

She decided to give up the small screen to plunge into politics. But what does husband-to-be Hemant Topiwala have to say? "I was worried since it would involve keeping irregular hours and meeting strange people," says the managing director of lipstick and nail polish manufacturer Tips & Toes about **Deepika "Sita" Chikhalia**'s decision. Now that she has come out victorious at the hustings, however, and will be representing Baroda in the Lok Sabha, the happiest man around is Topiwala. The next big event he is looking forward to: their marriage on 23 November.

In all, 150,000 people were fed on the occasion; 4,500 kg of rice, 6,000 kg of dal and 600 tins of oil consumed. Sporting diamond-studded necklaces, gold rings embedded with diamonds and a crown, **Atulkumar Shah,** scion of one of the wealthiest diamond merchant families in the country, sat in a silver chariot pulled by seven elephants. While about 100,000 people thronged all around, the multi-millionaire diamond merchant threw small diamonds, pearls and silver coins worth nearly Rs.35 lakh along the Ahmedabad thoroughfare — a fitting gesture as he was taking *sanyas* and will hearafter be known as Muni Heetruchi Vijayji Maharaj. But it was not easy winning over the family — it took the young man six long years before he could make them accept his decision to become a monk!

Courtesy: Chitralekha



Thirty eight-year-old **Jaideep Mehrotra** is a businessman-turned full-time artist. That perhaps explains why he mostly does commissioned paintings. In fact, he even goes around showing corporate chiefs and art collectors an album full of photographs of his paintings! The quality of his work clearly comes through in his latest show at Bombay's Jehangir Art Gallery. This exhibition, in which sponsor ITC Ltd has poured in Rs.150,000, comes after a th year gap. Mehrotra's list o porate clients includes Ban America, Air India, Ballar Industries and Premier Au mobiles Ltd. "I like to do c missioned paintings only wh have total artistic freed about the content," says young painter, who takes a thing from one month to a y to complete a painting.

Lalitha Mallya, convenor the regional chapter, C cutta, of the Indian Natio Trust for Art and Cultural He tage (INTACH) recently co pleted a monumental task. J setting industrialist Vijay M lya's mother was involved in t restoration of Calcutt Gwalior Monument, a blend of Islamic architectu and European constructi built in 1847. The project, u dertaken to commemorate t city's tercentenary, is INTACH first architechtural reconstru tion effort.

And now the city's pub works department (PWD) is possession of a monument close as possible to the origin including the composition the metals and stones used. B what will the PWD do with Mallya's suggestion is th it be used as a police outpost f the Calcutta Police — to prote it from future vandalis presumably.





ENSE ACCOUNTS

etting too expensive

ng the casualties of these hard times e expense account, long considered ust a necessity but a perquisite. For des, executives have wined and di- on company expense, enjoyed five- holidays and bought gifts — both for ness and for personal pleasure. ly, however, stringent monitoring rols are being applied, particularly in te companies, which are asking for ased accountability. Companies are anding tangible results for money t on entertainment.

hile certain executives in high-profile s like banking, advertising and mar- g still consider their entertainment ances as a perquisite for private



fication, companies are resorting to rtment-wise allocations, which are dically reviewed, and worse, mon- d by eagle-eyed finance directors. ever, the need to entertain suppliers, aucrats, institutional heads and cli- still exists, especially in the face of g competition and corruption.

ng down to first names

s of marketing departments in pub- ons are among those who need to en- in while selling space. Gurpreet ond, general manager for advertising narketing at the *Reader's Digest*, for nce, entertains five or six times a h. "Entertaining can range from ng lunches, parties at home, dinner ocktails at the club or going out, for nce, for a play. The purpose of such taining is to familiarise oneself with the other person, get down to first names."

Luncheon meetings, Seekond says, are used for making presentations, settling problems and discussing potential business. At the parties that he has hosted at home, families are welcome too. But, he adds, "With competition so high, and money so much dearer, gone are the days when you could merely take someone out and expect business. Yet, it still remains the best way to surpass secretaries, and all the other walls you have to face when calling up for appointments."

Not everyone, however, finds entertaining necessary. Take Rajesh Pant, vice-president and marketing director, NRI accounts, at Citibank, who earlier put in many years at Lintas India. "Entertaining, expense account style, is straight out of the story books as far as I'm concerned." He says he has entertained four customers, and been entertained only once.

A senior advertising executive claims that "business lunches and dinners are passe", and there are other forms of entertainment that are not so above board. "Organising a holiday for a client with his family, buying passes for fashion shows for him, or providing cash and gift coupons is also routine," he says.

Vineet Kapoor, food and beverages manager at The Oberoi in Bombay, tells a different story. "Almost all our customers residing or dining at The Oberoi are corporate clients." The Belvedere Club, introduced at all The Oberoi hotels in the mid-eighties, is very exclusive. "It's a meeting ground for conducting business or building up associations," he says.

The Taj Mahal Hotel's Chambers too is an exclusive province. The dining room has been "purposely maintained" to accommodate a group of 25 to 30 people. Rustom Dubash, the hotel's assistant food and beverages manager in Bombay, also says that there are three small rooms for more personal business meetings, with space for office files on the table along with the meals.

Discotheque business

Corporate entertaining also goes on in discotheques. In fact, The Oberoi's newly renovated Cellars, scheduled to open later this month, has been all but dedicated to corporate clients. The 1900s at the Taj is let out on Mondays to young executives or companies.

Seekond, like most others, does not reveal the exact nature of his expense account, or the norms for providing one in his organisation. "It's all need based. And though we have to be cautious about extravagance, we do not have to worry about having spent too much in a particular month." According to Bina Thakore, director for public relations at Standard Chartered Bank, expense accounts vary for various levels of the management. "But, as a rule, anything that leads to constructive business activity is facilitated."

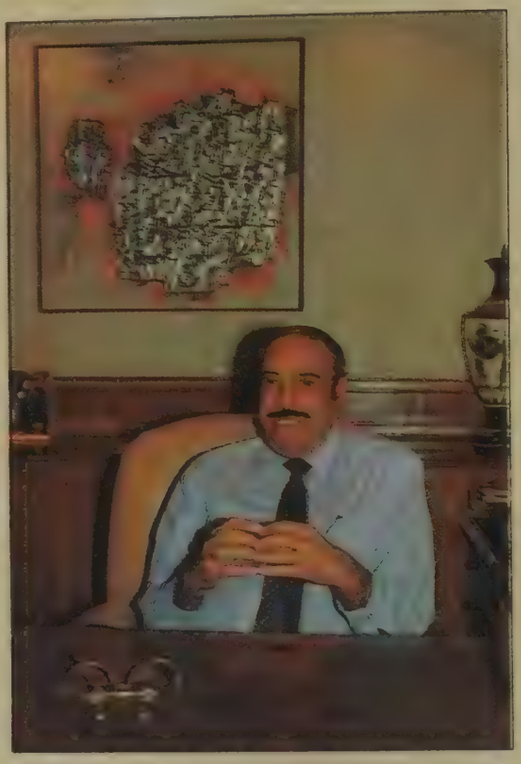
One reason why nobody mentions figures while discussing expense accounts is tax. While a senior account manager in an advertising agency may spend over Rs.1 lakh a year on entertainment, a large chunk might come from an inflated conveyance expense. But organisations are becoming more stringent in calculating expense limits. Earlier, some companies met entire club bills of middle-level managers. Now they pay only the club deposit and annual subscriptions with overheads being compensated on request. Often, inter-office meetings are called before a major entertainment expense by an executive is permitted.

"We have restricted expense account facilities to only the top three executives in the company," reveals Sanjiv Makhija, vice-president, production and administration, at All Seasons Foods Ltd. Makhija entertains about 25 times a year. "If the credit card facility is provided, there is ample scope for misuse," he adds. "On the other hand, if one has to fill in a charge slip for every entertainment expense, along with the name of the person entertained, there can be a check on its misuse."

The idea of 'living it up' or entertaining family and friends on company expense is fast ending in these difficult times. Fortunately, for most companies, and indeed as a direct result of growing professionalism, not everyone abuses the privilege of expense accounts anymore.

■ DEVENDRA TAK

"Our reputation is good"



Sushil Ansal, *the well-known developer and builder, has been appointed chairman of the Overseas Construction Council of India (OCCI), an export council set up by the commerce ministry in 1984. His appointment comes at a time when many are sceptical about India contributing substantially towards post war reconstruction in the Gulf. R.S. Venkatesh of* Business India *talks to the new chairman about Indian companies' prospects in overseas projects*

Export earnings from overseas construction has steadily declined in the last five years. What is holding us back?
We need a lot more support and assistance from the government to push up project exports. The facilities and incentives that are given to other exporters are not being extended to us. If we are given the same benefits as are being given to, say, commodity exporters, then our capability to compete with international companies will be enhanced and we can get a bigger slice of the global construction market.

Are you saying the government is not responsive?
We have been going to the government about this discrimination against construction companies for the last three years. We have been repeatedly assured, verbally, that the incentives to us will be brought on a par with other exporters. But it has never been done.

Considering the declining export earnings from overseas construction, do you think OCCI's efforts have been found wanting?
The OCCI was constituted in 1984 because earnings from the Gulf started to drop. And in the last seven years, West Asia, which was the main or rather the only overseas market for us, has dried up completely, thanks to the long Iran-Iraq war and OPEC's increasing influence.

But now, things are looking up. The reconstruction programmes in Iraq and Kuwait should give a big boost to Indian companies. Moreover, the USSR has opened its doors in a big way. While we had virtually no business between 1984 and 1988, now the USSR has earmarked 30 projects exclusively for Indian companies under a bilateral agreement. Three of these have already been awarded. Like the USSR, South-East Asia also offers bright prospects for us. In Thailand, for example, our company is doing four projects now. Malaysia and Indonesia are the others which promise good markets for us.

The big Gulf hope seems to have been belied. Has India been left out of the race?
No, its not like that. I think Western India has already bagged a contract there. The main reason for the delay is that the Kuwait government has not been functioning because of political unrest. They have not awarded contracts yet because the government's policy is not clear. And it's not only us, even companies from Europe and the US have got very little so far. It's not that we have been rejected. The actual tendering work will begin next month and contracts are expected to be finalised by the end of the year.

There are conflicting reports on the size of the Kuwait reconstruction cake. What is your estimate ?
Initially, they were vastly overestimated. People were talking of a $100 billion business. But it is not so. The United Nations did a damage assessment, and their figure is the most accurate. The total billing will be $25 to $27 billion, which $12 billion will be spent on oil well work alone. That leaves $12 to $1 billion for civil and construction work.

How does the capability of Indian companies stand vis-a-vis the requirements of handling giant projects?
You will be surprised. Our reputation very good. And we have specific advantages. Having worked in that region for a decade, our companies know the place and the way things wo there very well. The climate is not alie to us, the language is familiar and we know the markets there. We know exactly where we can get a specific raw material or equipment. And more important, most of us still have our construction equipment and infrastructure installed in these areas. We can mobilise very quickly, like no other foreign company can.

Will OCCI enter the fray as a consortium?
No. A dozen of our members have got together as a consortium. But as an organisation, with approximately 100 members, we are not planning to bid together. It won't be practical.

What do you plan to do about Iraqi payments to Indian companies that have been pending for years?
That has been the bane of overseas work. It's been eight years since Iraq stopped payments to us, and it has hit Indian companies very badly. Our government said it will lift oil from Ira against the money owed to us, but eve that plan has fallen through.

The worst part is that most of us ha borrowed capital to carry out the projects in Iraq and the interest now being offered to us for our deferred payments is 4 per cent less than the ra at which we borrowed. We are in continuous discussion with the government to help us get out of this mess, but nothing has been done so fa And now that Iraq is in a terrible shap it is going to be much longer before th entire Indian payment of $500 millio will be made. But Indian companies a evincing interest in overseas work despite this shattering experience.

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